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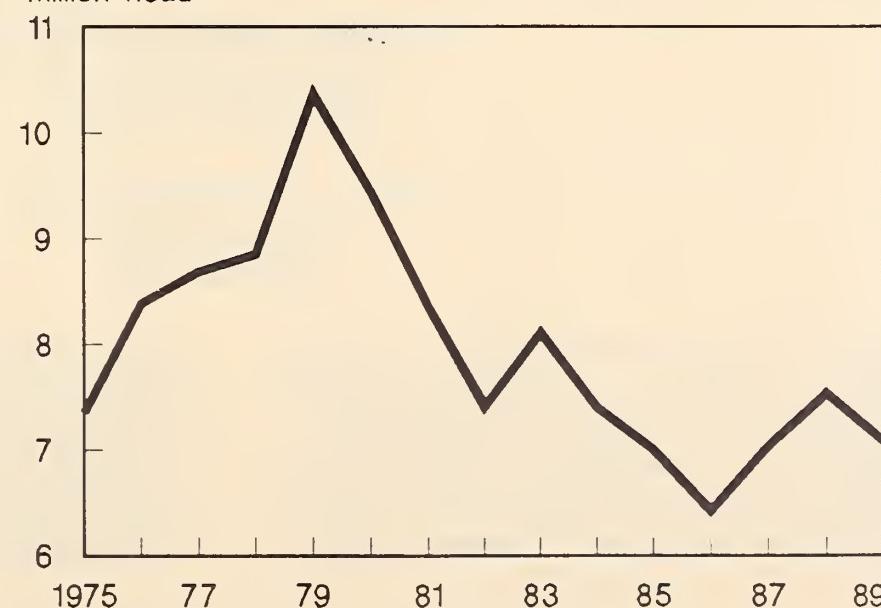
LPS-36
July 1989

Livestock and Poultry

Situation and Outlook Report

June 1 Breeding Herd, U.S.

Million head



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The present forecasts will be updated, if needed, in the *World Agricultural Supply and Demand Estimates* scheduled for release on August 10, 1989. The *Livestock and Poultry Situation and Outlook* is published six times a year, plus two

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Summary

Hog producers have experienced a steep drop in returns over the past year, but have made only a modest cutback in hog numbers. On June 1, the number of hogs kept for breeding was 3 percent below a year ago, while market hog numbers were down only 1 percent. Producers intend to have about the same number of sows farrow in June-November as a year earlier.

Commercial pork production for all of 1989 is estimated at 15.9 billion pounds, up 2 percent from 1988 and the most since 1980. Barrow and gilt prices are expected to average \$40 to \$43 per cwt, compared with \$43 in 1988. Retail pork prices may average around \$1.80 per pound, down 3 to 5 cents from a year ago.

Beef production is projected at 22.8 billion pounds, down 3 percent from 1988. Choice slaughter steer prices are expected to average \$71 to \$74 per cwt, compared with \$70 in 1988. Feeder steer prices may average about the same as 1988's \$84 per cwt. The relatively high feeder cattle prices should provide an incentive for cow-calf producers to retain heifers to rebuild their herds. Retail beef prices may average 10 to 15 cents higher than 1988's \$2.55 per pound.

Relatively high returns are encouraging broiler producers to expand production about 6 percent in 1989 to 17.1 billion pounds. In 1989, 12-city wholesale broiler prices are expected to average 60 to 63 cents per pound, compared with 56 cents in 1988.

Turkey production is expected to increase about 4 percent for all of 1989, after a 6-percent rise in 1988. Although turkey prices are up from a year ago, high feed costs have curtailed producers' returns. Wholesale hen prices in the eastern region are expected to average 68 to 71 cents per pound, compared with 61 cents in 1988. Relatively high turkey prices combined with lower feed costs will boost producers' returns in second-half 1989.

Egg production is projected to decline about 2 percent in 1989, following a slight decline in 1988. Egg prices are expected to average 73 to 76 cents per dozen in 1989, up sharply from 1988's 62 cents.

Table 1--Livestock, poultry, and egg production and prices (All percent changes shown are from a year earlier.)

Item	1987				1988				1989			
	Annual	I	II	III	IV	Annual	I	II 1/	III 1/	IV 1/	Annual 1/	
Million pounds												
Production:												
Beef % change	23,405 -3	5,700 -1	5,784 1	6,185 2	5,755 -2	23,424 0	5,529 -3	5,775 0	5,975 -3	5,500 -4	22,779 -3	
Pork % change	14,312 2	3,790 7	3,727 12	3,775 11	4,331 7	15,623 9	3,887 3	3,925 5	3,800 1	4,300 -1	15,912 2	
Lamb & mutton % change	309 -7	85 12	80 7	80 4	84 4	329 6	87 2	82 2	80 0	83 -1	332 0	
Veal % change	416 -18	97 -13	92 -9	99 0	99 -5	387 -7	91 -6	84 -8	90 -9	95 -4	360 -7	
Total red meat % change	38,442 -2	9,672 2	9,683 5	10,139 5	10,269 2	39,763 3	9,594 -1	9,866 2	9,945 -2	9,978 -3	39,383 -1	
Broilers 2/ % change	15,502 9	3,996 7	4,079 4	4,035 2	4,015 3	16,124 4	4,129 3	4,350 7	4,370 8	4,300 7	17,149 6	
Turkeys 2/ % change	3,717 19	837 25	981 13	1,066 -3	1,040 -4	3,923 6	804 -4	1,000 2	1,130 6	1,140 10	4,074 4	
Total poultry 3/ % change	19,772 10	4,986 10	5,210 6	5,213 0	5,180 1	20,587 4	5,070 2	5,490 5	5,625 8	5,570 8	21,755 6	
Total red meat and poultry % change	58,214 2	14,658 5	14,893 5	15,352 4	15,449 2	60,350 4	14,664 0	15,356 3	15,570 1	15,548 1	61,138 1	
Million dozen												
Eggs % change	5,802 2	1,476 2	1,428 -1	1,421 -1	1,446 -2	5,771 -1	1,391 -6	1,395 -2	1,405 -1	1,460 1	5,651 -2	
Dollars per cwt												
Prices												
Choice steers, Omaha 1000-1100 lb.	64.60	68.28	72.81	66.92	70.14	69.54	73.85	73.85	69-73	70-76	71-74	
Barrows and gilts, 7-markets	51.69	44.74	45.90	44.24	38.66	43.39	40.78	41.84	43-47	36-42	40-43	
Slaughter lambs, Ch., San Angelo	78.08	81.51	69.26	59.02	62.98	68.84	69.29	74.79	59-65	58-64	65-68	
Broilers, 12-city avg. 4/	47.4	45.4	55.6	66.1	57.9	56.3	59.4	67.1	63-67	51-57	60-63	
Turkeys, Eastern region 5/	57.8	48.9	51.4	72.6	72.4	61.3	62.4	71.2	72-76	69-75	68-71	
Cents per pound												
Eggs New York 6/	61.6	55.0	53.3	72.9	67.3	62.1	78.6	74.5	73-77	69-75	73-76	
Cents per dozen												

1/ Projected. 2/ Federally inspected. 3/ Includes broilers, turkeys, and mature chickens. 4/ Wholesale weighted average. 5/ Wholesale, 8- to 16-pound young hens. 6/ Cartoned, consumer Grade A large, sales to volume buyers. Livestock, poultry, and eggs

Factors Affecting Livestock and Poultry

Despite continuing concerns about weather conditions in the major corn and soybean producing regions, expectations are for lower feed costs in second-half 1989. Pasture and range conditions on July 1 were below the 10-year average, but were improved from early spring. The economy slowed in the first half of 1989 and may expand only moderately during the remainder of the year. The dollar has appreciated, especially against the German mark and Japanese yen, due to higher U.S. interest rates, political uncertainty, and higher oil prices. Lower interest rates in second-half 1989 indicate a likely retreat in the value of the dollar.

Slower Economic Growth in 1989

The rate of growth in the real Gross National Product (GNP) is moderating and may be less than 3 percent this year, compared with 1988's 3.9 percent. The major cause of the economic slowdown in the last 6 months was higher interest rates as the Federal Reserve reduced money supply growth in an attempt to head off any acceleration in inflation. For 1989, the rate of inflation, measured by the GNP deflator, is expected to be up about 1 point from 1988's 3.4 percent. The rise is primarily due to higher food and energy prices, especially in first-half 1989. The prime rate could average around 11 percent in 1989, compared with 9.3 percent in 1988. Interest rates have declined recently because of slower GNP growth and moderate inflation in nonfood and nonenergy prices. Consequently, the Federal Reserve is not likely to further tighten the money supply, and interest rates may continue to slide. This will likely reduce the value of the dollar, which could begin to slip by the end of the summer.

The falling dollar should help U.S. exports. Over the past year, improvements in exports and new plant and equipment spending have led real GNP growth. Continued improvements in these sectors will help support overall economic activity. For 1989, real disposable income is expected to increase more than 2.5 percent, down slightly from 1988.

Feed Costs To Decline

Corn production is projected at 7.45 billion bushels, up 51 percent from last year's drought-reduced crop. Rains during May and June have allayed immediate fears of a repeat of last year. Soybean production is projected at 1.95 billion bushels, compared with 1.54 billion in 1988. Corn and soybean crops and prices will be strongly influenced by weather patterns during the growing and harvesting seasons.

Corn prices are expected to average \$1.75 to \$2.25 per bushel during 1989/90, compared with \$2.50 to \$2.60 in 1988/89. Soybean meal prices may average \$140 to \$180

per ton in 1989/90, compared with \$230 in 1988/89. These prices would mean livestock producers' feed costs will decline substantially.

Livestock and Red Meat

Hogs

Hog Inventories Down Only Modestly Despite Negative Returns

Hog producers have experienced a steep drop in returns over the past year, but have made only a small cut in the inventory. On June 1, the number of hogs kept for breeding was 3 percent below a year earlier, while market hogs were down 1 percent.

Estimated net returns over cash and replacement costs for all producers averaged below breakeven for 10 consecutive months beginning in September 1988. At times, losses exceeded \$10 per cwt. Much of the decrease in returns was due to a sharp rise in feed costs following last summer's drought, but low prices for barrows and gilts also contributed.

Liquidation of breeding stock began last summer, when both crops and livestock were stressed by above-normal temperatures and below-normal rainfall. Liquidation continued in the fall, when net returns fell below breakeven. Between June and December 1988, the U.S. breeding herd declined by about 500,000 head. However, in the first half of 1989, breeding inventories stabilized, even though returns remained negative. In fact, the 4-percent rise in the 10-State breeding herd between December 1988 and June 1989 was slightly more than a typical seasonal increase.

Figure 1
Farrow-to-Finish Net Returns

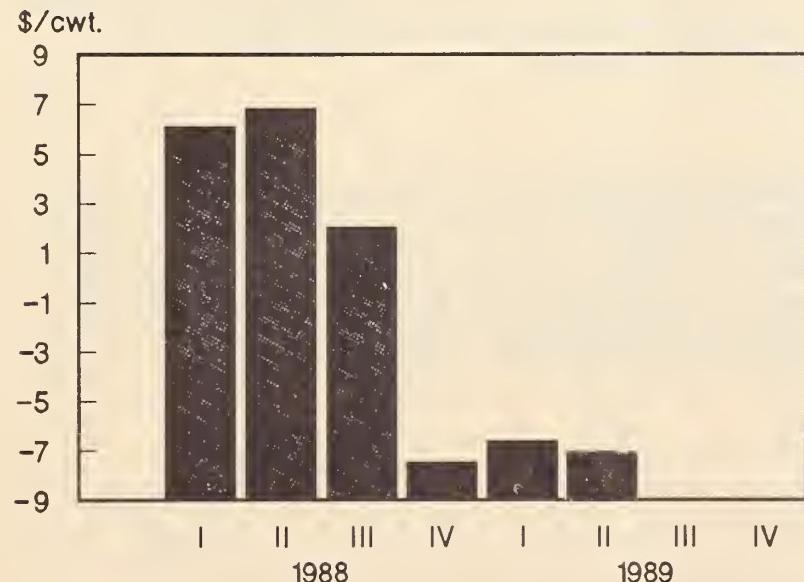


Table 2--Hogs on farms, farrowings, and pig crops,
United States 1/

Inventory	1987		1988		1989		1987 1988	1989
	1,000 head				Percent change			
March 1 inventory	52,345	52,835			+1			
Breeding	7,120	7,051			-1			
Market	45,225	45,784			+1			
Under 60 lb	17,675	17,528			-1			
60-119 lb	10,730	10,980			+2			
120-179 lb	9,135	9,486			+4			
180 + lb	7,685	7,790			+1			
June 1 inventory	52,200	56,265	55,505	+8	-1			
Breeding	7,040	7,530	7,325	+7	-3			
Market	45,160	48,735	48,180	+8	-1			
Under 60 lb	19,600	20,915	20,407	+7	-2			
60-119 lb	11,080	12,015	11,990	+8	0			
120-179 lb	8,170	8,800	8,780	+8	0			
180 + lb	6,310	7,005	7,003	+11	0			
Sept. 1 inventory	58,200							
Breeding	7,260							
Market	50,940							
Under 60 lb	19,635							
60-119 lb	12,685							
120-179 lb	10,430							
180 + lb	8,190							
Dec. 1 inventory	54,620	55,499			+2			
Breeding	7,153	7,057			-1			
Market	47,467	48,442			+2			
under 60 lb	17,764	18,021			+2			
60-119 lb	11,979	12,401			+4			
120-179 lb	9,702	10,030			+3			
180 + lb	8,022	7,990			0			
Sows farrowing								
Dec. 2/-Feb.	2,517	2,726	2,689	+8	-1			
March-May	3,043	3,299	3,257	+8	+1			
Dec. 2/-May	5,560	6,025	5,946	+8	-1			
June-August	2,957	3,078	3,052 3/	+4	-4			
Sept.-Nov.	2,857	2,924	2,973 3/	+2	+1			
June-Nov.	5,814	6,002	6,025 3/	+3	0			
Pig crop								
Dec. 2/-Feb.	19,442	21,077	20,933	+8	-1			
March-May	23,914	25,757	25,555	+8	-1			
Dec. 2/-May	43,356	46,834	46,488	+8	-1			
June-August	22,905	23,454		+2				
Sept.-Nov.	22,806	22,374		-2				
June-Nov.	44,991	45,827		+2				
Pigs per litter	Number							
Dec. 2/-Feb.	7.73	7.73	7.78	0	+1			
March-May	7.86	7.81	7.85	-1	+1			
Dec. 2/-May	7.80	7.77	7.82	0	+1			
June-Aug.	7.75	7.62		-2				
Sept.-Nov.	7.73	7.62		-1				
June-Nov.	7.74	7.62		-2				

1/ March and September inventories not available for United States prior to 1988. 2/ December preceding year. 3/ Intentions.

The relative stability of the breeding inventory in the face of apparently negative returns might reflect the changing structure of the U.S. hog industry. A pattern of steady growth among larger, specialized hog operations may be offsetting liquidation among smaller, "secondary" units.

Table 3--Hogs on farms, farrowings, and pig crops,
10 States

Inventory	1987		1988		1989		1987 1988	1989
	1,000 head							
March 1 inventory	38,520	41,345	41,605		7			
Breeding	5,240	5,520	5,420		5			
Market	33,280	35,825	36,185		8			
Under 60 lb	12,666	13,875	13,800		10			
60-119 lb	7,984	8,530	8,678		7			
120-179 lb	7,152	7,435	7,555		4			
180 + lb	5,478	5,985	6,152		9			
June 1 inventory	40,955	44,065	43,690		8			
Breeding	5,340	5,630	5,560		5			
Market	35,615	38,435	38,130		8			
Under 60 lb	15,430	16,415	16,055		6			
60-119 lb	8,760	9,515	9,525		9			
120-179 lb	6,440	7,000	6,990		9			
180 + lb	4,985	5,505	5,560		10			
Sept. 1 inventory	43,150	45,000			4			
Breeding	5,310	5,460			3			
Market	37,840	39,540			4			
Under 60 lb	14,885	15,135			2			
60-119 lb	9,320	9,885			6			
120-179 lb	7,800	8,230			6			
180 + lb	5,835	6,290			8			
Dec. 2 inventory	42,995	43,210			1			
Breeding	5,510	5,335			-3			
Market	37,485	37,875			1			
under 60 lb	14,085	13,955			-1			
60-119 lb	9,470	9,747			3			
120-179 lb	7,630	7,898			4			
180 + lb	6,300	6,275			-0			
Sows farrowing								
Dec. 2/-Feb.	1,924	2,123	2,109		10			
March-May	2,364	2,578	2,535		9			
Dec. 2/-May	4,288	4,701	4,644		10			
June-August	2,284	2,359	2,359 3/		3			
Sept.-Nov.	2,266	2,271	2,304 3/		0			
June-Nov.	4,550	4,630	4,663 3/		2			
Pig crop								
Dec. 2/-Feb.	14,920	16,489	16,439		11			
March-May	18,704	20,175	19,990		8			
Dec. 2/-May	33,624	36,664	36,339		9			
June-August	17,692	18,007			2			
Sept.-Nov.	17,572	17,295			-2			
June-Nov.	35,264	35,302			0			
Pigs per litter	Number							
Dec. 2/-Feb.	7.75	7.77	7.79	0	0			
March-May	7.91	7.83	7.85	-1	0			
Dec. 2/-May	7.84	7.80	7.82	-1	0			
June-Aug.	7.75	7.63		-2				
Sept.-Nov.	7.75	7.62		-2				
June-Nov.	7.75	7.62		-2				

1/ March and September inventories not available for United States prior to 1988. 2/ December preceding year. 3/ Intentions.

The hog production industry is characterized by two types of producers. One is comprised of specialized units whose primary business is hogs. The other includes units where hogs are secondary enterprises on multiple-enterprise farms.

Specialized units are typically better capitalized, have a larger investment in fixed facilities, practice more intensive management, and tend to be more cost-efficient. These characteristics tend to make specialized units more resilient to periods of depressed hog prices. Furthermore, they create strong incentives to maximize output, and strong disincentives to cut back.

In contrast, secondary units depend more heavily upon "home-grown" feed. With other income-generating enterprises to fall back on, and with lower overhead costs, their output tends to fluctuate according to crop production. Though secondary units are numerous, especially in the Corn Belt, a rapidly increasing percentage of U.S. hog production is accounted for by specialized units. It is possible that the two sectors went in opposite directions in terms of inventory changes over the past year.

The contraction in hog inventories during the second half of 1988 was probably concentrated among secondary units whose on-farm corn production fell short of feed requirements for the herd. Faced with the prospect of purchasing grain, they opted instead to cut hog production. In spring 1989, as crop prospects improved and deferred futures contracts carried large premiums, these secondary units may have maintained existing inventories, even though profitability remained low. Meanwhile, specialized operations may have continued to expand. Thus, the total U.S. breeding herd would show a much smaller annual decline than in past years.

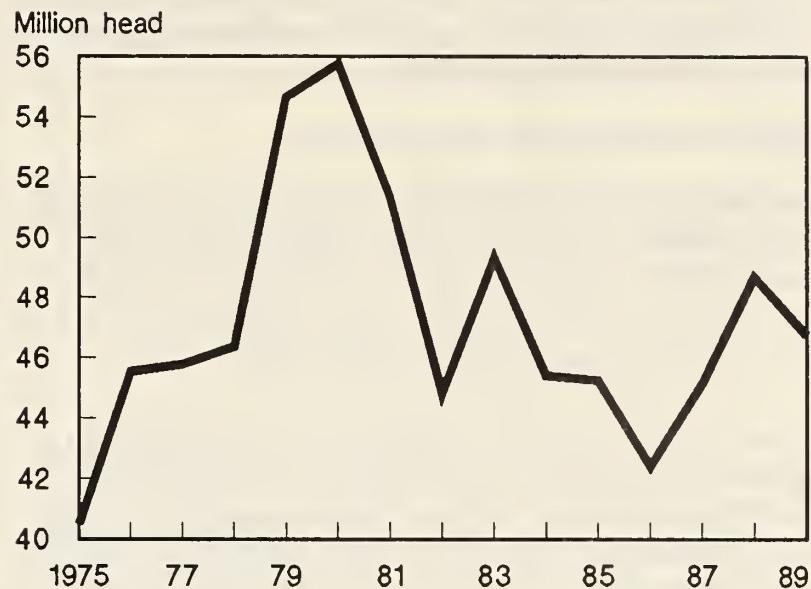
If 1989 crop conditions are favorable, breeding inventories will probably hold steady, exhibiting normal seasonal fluctuations, into mid-1990. Returns to hog producers, though substantially improved from the first half of the year, are not likely to encourage significant further expansion before then. But as long as specialized hog operations can continue to expand in number, size, and efficiency, inventories will probably trend higher over the long term.

Pork Consumption Up Slightly, Prices Down Slightly in 1989

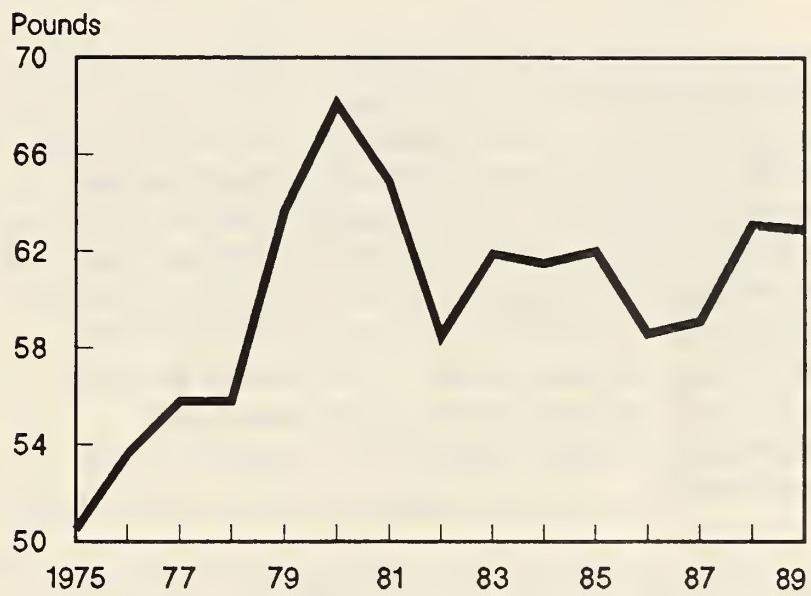
U.S. pork consumption in 1989 likely will be nearly 64 pounds per capita, up slightly from 1988. Over the past 20 years, it has ranged from 51 to 68 pounds. Pork is expected to comprise about 29 percent of total red meat and poultry consumption in 1989. Beef consumption may be down from 1988 levels, while broiler and turkey consumption rise. Retail pork prices are expected to average 3 to 5 cents lower than last year's average of \$1.84 per pound.

Commercial pork production in 1989 may reach 15.9 billion pounds, up 2 percent from 1988, and the largest annual production since 1980. Production likely will be unchanged from a year earlier in the second half of 1989, following a 4-percent increase in the first half. Consequently, second-

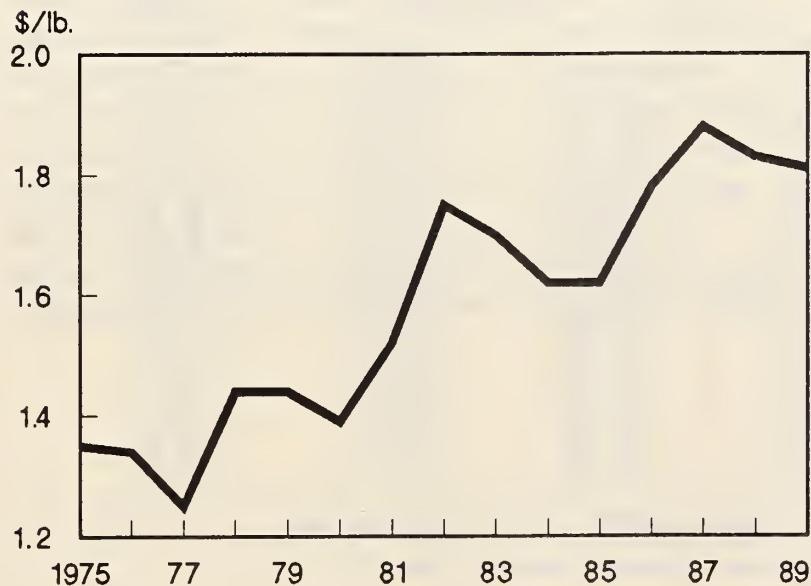
**Figure 2
June 1 Market Hog Inventory, U.S.**



**Figure 3
Per Capita Pork Consumption**



**Figure 4
Average Retail Pork Prices**



half retail pork and hog prices may be near year-earlier levels. Barrow and gilt prices at the 7 markets averaged near \$41.50 per cwt in the first half of 1989, and are forecast to average about \$42 for the year. This would be the lowest annual average price since 1980.

Hog Prices Rebound in Second Quarter

In second-quarter 1989, the hog market was characterized by a sharp seasonal increase in prices. Barrow and gilt prices covered a wide range, from the mid \$30's per cwt in April to near \$50 in June. For the quarter, the 7-market average price was down \$4 per cwt from a year ago, at \$42.

Commercial hog slaughter was about 5 percent larger than in second-quarter 1988. Quarterly slaughter was high in relation to the previous fall pig crop, which showed only a 1-percent increase from a year earlier. The heavier-than-expected kill may have resulted from a combination of higher sow slaughter, an increase in live hog imports, and delayed marketings from March, which were shifted into the second quarter.

Average weekly kills declined 12 percent from April to June, which was close to the 15-year average. However, fresh pork prices rose 18 percent, compared with an average of 10 percent, and hog prices rose 25 percent, compared with an average of 12 percent. The additional price strength may have stemmed from an increase in demand from processors and retailers during the period. In April, fresh pork prices fell to 9-year lows relative to beef, and to record lows relative to wholesale broiler prices. The low relative price may have prompted an increase in retail pork features, and encouraged substitution of pork for beef or poultry in processed meats.

Table 4--Summer pig crop and hog slaughter

Year	Pig crop June-Aug.	Commercial slaughter Jan-Mar. 1/	Slaughter as percentage of pig crop
	- - - 1,000 head - - -		Percent
1970	25,142	24,256	96.5
1971	23,260	22,260	95.7
1972	21,838	20,225	92.6
1973	21,209	20,150	95.0
1974	20,273	18,760	92.5
1975	18,022	17,432	96.7
1976	21,656	19,770	91.3
1977	22,239	19,404	87.3
1978	22,937	20,040	87.4
1979	26,915	24,236	90.0
1980	24,417	23,678	97.0
1981	23,548	21,714	92.2
1982	21,383	20,212	94.5
1983	23,361	21,806	93.3
1984	22,346	20,871	93.4
1985	22,010	20,379	92.5
1986	21,158	19,940	94.2
1987	22,905	21,360	93.3
1988	23,453	21,886	93.3

1/ January-March of the following year.

Source: Economic Research Service.

Pork Production To Fall Slightly In Fourth Quarter

Second-half pork production is expected to be unchanged from the previous year, following a 1-percent decline in the December 1988-May 1989 pig crop. Consequently, hog and pork prices should average near a year earlier. Prices may continue to draw support from reduced beef supplies, but broiler and turkey supplies will be up significantly.

Table 5--Fall pig crop and hog slaughter

Year	Pig crop Sept.-Nov.	Commercial slaughter, Apr.-June 1/	Slaughter as percentage of pig crop
	- - - 1,000 head - - -		Percent
1970	24,446	23,609	96.6
1971	22,746	21,389	94.0
1972	21,213	19,478	91.8
1973	20,789	21,014	101.1
1974	18,679	17,808	95.3
1975	17,634	16,821	95.4
1976	20,562	18,743	91.2
1977	20,963	19,042	90.8
1978	23,094	21,740	94.1
1979	25,326	25,039	98.9
1980	25,015	22,594	90.3
1981	22,700	20,712	91.2
1982	22,231	21,666	97.5
1983	22,385	21,123	94.4
1984	21,837	21,343	97.7
1985	21,474	20,316	94.6
1986	20,839	18,911	90.7
1987	22,806	20,877	94.5
1988	22,374	21,925	98.0

1/ April-June of the following year.

Source: Economic Research Service.

Table 6--Winter pig crop and hog slaughter

Year	Pig crop Dec.-Feb.	Commercial slaughter, July-Sept.	Slaughter as percentage of pig crop
	- - - 1,000 head - - -		Percent
1970	19,771	20,619	104.3
1971	20,959	22,308	106.4
1972	19,252	19,441	101.0
1973	19,050	16,875	88.6
1974	18,509	19,705	106.5
1975	15,287	15,307	100.1
1976	17,572	17,982	102.3
1977	18,532	18,293	98.7
1978	18,807	18,554	98.7
1979	21,887	22,083	100.9
1980	23,685	22,158	93.6
1981	21,045	21,277	101.1
1982	18,759	18,940	101.0
1983	20,877	21,373	102.4
1984	18,757	19,495	103.9
1985	19,101	20,556	107.6
1986	18,513	18,573	103.2
1987	19,442	19,396	99.8
1988	21,077	21,378	101.4
1989	20,933		

Source: Economic Research Service.

Table 7--Spring pig crop and hog slaughter

Year	Pig crop Mar.-May	Commercial slaughter, Oct.-Dec.	Slaughter as percentage of pig crop
	- - - 1,000 head - - -		
1970	32,355	25,271	78.1
1971	30,959	24,264	78.4
1972	28,271	21,617	76.5
1973	27,075	20,217	74.7
1974	26,283	20,893	79.5
1975	20,243	16,813	83.1
1976	24,605	21,549	87.6
1977	24,428	20,497	83.9
1978	23,674	20,316	85.8
1979	28,664	25,237	88.0
1980	28,603	24,641	86.1
1981	26,560	24,026	90.5
1982	22,816	20,825	91.3
1983	26,532	24,334	91.7
1984	23,646	22,742	96.2
1985	23,444	21,721	92.7
1986	21,879	20,330	92.9
1987	23,914	22,834	95.5
1988	25,757	24,180	93.9
1989	25,555		

Source: Economic Research Service.

Table 8--Sow slaughter balance sheet, United States

Item	1988	1989
1,000 head		
December 1 breeding 1/ December-February	7,153	7,057
Comm. sow slaughter	884	963
Gilts added	851	957
March 1 breeding	7,120	7,051
March-May		
Comm. sow slaughter	873	975
Gilts added	1,283	1,249
June 1 breeding	7,530	7,325
June-August		
Comm. sow slaughter	1,172	
Gilts added	902	
September 1 breeding	7,260	
September-November		
Comm. sow slaughter	1,100	
Gilts added	897	

1/ December previous year.

Barrow and gilt prices may average around \$45 per cwt in the third-quarter, about the same as in 1988. Commercial hog slaughter may be unchanged from a year ago, but total pork supplies could be slightly larger. The difference is explained by increases in average dressed weights and freezer stocks. For the second year in a row, the market carried an historically large supply of frozen pork into the third quarter, despite a relatively high rate of production during the summer. Last year, 87 million pounds of July-September pork consumption were drawn from freezer stocks; this year the drawdown likely will exceed 100 million pounds.

Unusually favorable farrowing conditions last December and January may have shifted a larger-than-normal portion of the winter pig crop into those 2 months. If so, a larger portion of the third-quarter kill may be shifted into July and August. Thus, it is possible that September slaughter may drop below a year ago.

Commercial pork production in the fourth quarter may total 4.3 billion pounds, with hog slaughter around 24 million head. If so, both will be down 1 percent from a year earlier. The quarterly total implies that weekly kills likely will exceed 1.8 million head this fall, which is probably large enough to push barrow and gilt prices below \$40 per cwt at the seasonal low. The average price at the 7 markets for October-December is expected to be near \$39. Fourth-quarter turkey production could rise 10 percent, providing greater competition for the ham market. Compounding that pressure, ham stocks could be near record-large, as they were on July 1.

However, hog prices in the second half could be supported by more intense competition among packers. Slaughter capacity appears to have expanded in the past year, with much of it coming on-line this summer or fall. The expanded capacity will be competing for a slightly smaller supply of hogs. As a result, spreads between hog prices and carcass cutout values likely will narrow. In the fourth quarters of 1987 and 1988, spreads were among the highest of the 1980's. This fall, a reduction in the spread could add \$1 to \$2 per cwt to hog prices relative to fresh pork prices.

Steady Pork Production Indicated for Early 1990

Hog slaughter in the first half of 1990 will be drawn from second-half 1989 farrowings. Producers' intentions indicate that these farrowings will be about the same as a year earlier. In June, producers reported intentions to have 1 percent fewer sows farrow during June-August 1989 than the previous year. For the September-November period, farrowing intentions showed a 1-percent increase. The June-November intentions appear large in relation to the June 1 breeding herd, which was down 3 percent. However, weather conditions last summer restricted farrowing and conception rates, and a portion of the June 1, 1988, breeding herd was liquidated over the summer. If farrowing intentions do not change considerably, barrow and gilt prices may once again average in the low \$40's per cwt over the first half of 1990.

Table 9--Farrow-to-finish hog production costs and returns, 1,600 head annual sales, North Central Region 1/

Item	1988							1989				
	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
Dollars per cwt												
Cash receipts: 2/												
Market hogs (94.254 lb)	43.25	43.63	38.91	37.20	34.96	38.41	39.48	38.75	37.53	34.73	40.28	42.72
Cull sows (5.751 lb)	1.76	1.90	1.86	1.75	1.55	1.62	1.86	1.96	1.94	1.80	1.90	1.91
Total	45.01	45.53	40.77	38.95	36.51	40.03	41.34	40.71	39.47	36.53	42.1	44.63
Cash expenses												
Feed--												
Corn (345.6 lb)	10.60	10.66	11.50	13.50	14.93	14.76	14.64	14.40	14.44	15.27	16.20	15.97
Soybean meal (70.61 lb)	8.43	9.92	9.92	9.92	11.03	11.03	11.03	11.67	11.67	11.67	11.76	11.76
Mixing concentrates (14.3 lb)	2.85	2.85	2.85	2.85	2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86
Total feed	21.88	23.43	24.27	26.27	28.82	28.65	28.53	28.93	28.97	29.80	30.82	30.59
Other--												
Veterinary and medicine 3/	0.73	0.73	0.73	0.73	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74
Fuel, lube, and electricity	1.50	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51
Machinery and building repairs	2.45	2.45	2.45	2.46	2.46	2.46	2.46	2.46	2.46	2.46	2.46	2.36
Hired labor 4/	1.39	1.39	1.39	1.43	1.43	1.43	1.43	1.43	1.43	1.43	1.43	1.46
Miscellaneous	0.61	0.61	0.61	0.61	0.62	0.62	0.62	0.62	0.62	0.62	0.62	0.62
Total, variable expenses	28.56	30.12	30.96	33.01	35.58	35.41	35.29	35.69	35.73	36.56	37.58	37.35
General farm overhead	1.57	1.59	1.42	1.36	1.28	1.40	1.45	1.42	1.38	1.28	1.48	1.56
Taxes and insurance	0.71	0.71	0.71	0.71	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74
Interest	3.83	3.87	3.47	3.31	3.12	3.42	3.53	3.48	3.37	3.12	3.60	3.81
Total, fixed expenses	6.11	6.17	5.60	5.38	5.14	5.56	5.72	5.64	5.49	5.14	5.82	6.11
Total cash expenses 5/	34.67	36.29	36.56	38.39	40.72	40.97	41.01	41.33	41.22	41.40	43.40	43.46
Receipts less cash expenses	10.34	9.24	4.21	0.56	-4.21	-0.94	0.33	-0.62	-1.75	-5.17	-1.22	1.17
Capital replacement	5.90	5.93	5.93	5.93	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94
Receipts less cash expenses and replacement	4.44	3.31	-1.72	-5.37	-10.15	-6.88	-5.61	-6.56	-7.69	-11.11	-7.16	-4.77

1/ The feed rations and expense items do not necessarily coincide with the experience of individual hog operations and are an average of a group of operators. For individual use, adjust expenses and prices for management, production levels and locality of operation. 2/ Based on 94.25 lb of barrows and gilts liveweight and 5.75 lb of sows per cwt sold. 3/ Includes costs for feed medication, which is usually included as part of the feed cost. 4/ Based on .204 hours per cwt of liveweight hog marketed. 5/ Does not include a charge for family or operator labor (.732 hours) or a charge for land and fixed assets.

Table 10--Corn Belt hog feeding: Selected costs at current rates 1/

Purchased during 1988-89 Marketed during 1988-89	July Nov.	Aug. Dec.	Sept. Jan.	Oct. Feb.	Nov. Mar.	Dec. Apr.	Jan. May	Feb. June	Mar. July	Apr. Aug.	May Sept.
Expenses: (\$/head)											
40-50 lb feeder pig	27.57	27.39	28.30	30.95	27.99	29.17	35.25	34.18	39.55	34.74	34.24
Corn (11 bu)	29.92	28.82	28.38	27.94	27.50	27.50	28.16	28.38	28.60	28.16	28.49
Protein supplement (130 lb)	25.29	25.29	25.29	23.92	23.92	23.92	23.21	23.21	23.21	22.04	22.04
Total feed	55.21	54.11	53.67	51.86	51.42	51.42	51.37	51.59	51.81	50.20	50.53
Labor & management (1.3 hr)	12.12	12.12	12.12	12.61	12.61	12.61	13.47	13.47	13.47	12.90	12.90
Vet medicine 2/	2.80	2.80	2.80	2.83	2.83	2.83	2.86	2.86	2.86	2.89	2.89
Interest on purchase (4 mo)	1.03	1.02	1.05	1.20	1.08	1.13	1.40	1.36	1.57	1.44	1.42
Power, equip, fuel, shelter depreciation 2/	6.81	6.81	6.81	6.87	6.87	6.87	6.95	6.95	6.95	7.03	7.03
Death loss (4% of purchase)	1.10	1.10	1.13	1.24	1.12	1.17	1.41	1.37	1.58	1.39	1.37
Transportation (100 miles)	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48
Marketing expenses	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Miscel. & indirect costs 2/	.70	.70	.70	.71	.71	.71	.71	.71	.71	.72	.72
Total	108.95	107.66	108.20	109.89	106.25	107.53	115.04	114.11	120.13	112.93	112.72
Selling price required to cover: (\$/cwt)											
Feed and feeder costs (220 lb)	37.63	37.04	37.26	37.64	36.10	36.63	39.37	38.98	41.53	38.61	38.53
All costs (220 lb)	49.52	48.94	49.18	49.95	48.30	48.88	52.29	51.87	54.60	51.33	51.24
Feed cost per 100-lb gain (180 lb)	30.67	30.06	29.81	28.81	28.57	28.57	28.54	28.66	28.78	27.89	28.07
Barrows and gilts, (7 mkts)	36.45	40.58	41.58	40.91	39.85	37.06	42.37	46.10			
Net margin	-13.07	-8.36	-7.60	-9.04	-8.45	-11.82	-9.92	-5.77			
Prices:											
40-lb feeder pig (So. Missouri) \$/head	27.57	27.39	28.30	30.95	28.21	29.17	35.25	34.18	39.55	34.74	34.24
Corn \$/bu 3/	2.72	2.62	2.58	2.54	2.50	2.50	2.56	2.58	2.60	2.56	2.59
Protein supp. (38-42%) \$/cwt 4/	19.45	19.45	19.45	18.40	18.40	18.40	17.85	17.85	17.85	16.95	16.95
Labor & management \$/hr 5/	9.32	9.32	9.32	9.70	9.70	9.70	10.36	10.36	10.36	9.92	9.92
Interest rate (annual)	11.17	11.17	11.17	11.62	11.62	11.62	11.91	11.91	11.91	12.47	12.47
Transportation rate (\$/cwt 100 miles) 6/	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Marketing expenses (\$/cwt) 7/	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Index of prices paid by farmers (1910-14=100)	1181	1181	1181	1193	1193	1193	1207	1207	1207	1220	1220

1/ Although a majority of operations in the Corn Belt are from farrow-to-finish, relative fattening expenses will be similar. Costs represent only what expenses would be if all selected items were paid for during the period indicated. The feed rations and expense items do not necessarily coincide with the experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. 2/ Adjusted monthly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. 3/ Average price received by farmers in Iowa and Illinois. 4/ Average prices paid by farmers in Iowa and Illinois. 5/ Assumes an owner-operator receiving twice the farm labor rate. 6/ Converted from cents/mile for a 44,000-pound haul. 7/ Yardage plus commission fees at a Midwest terminal market.

Table 11--Federally inspected hog slaughter

Week ended	1986	1987	1988	1989
	Thousands			
Jan.				
7	1,675	1,683	1,726	1,416
14	1,654	1,659	1,766	1,721
21	1,563	1,527	1,605	1,681
28	1,506	1,500	1,543	1,644
Feb.				
4	1,526	1,455	1,535	1,631
11	1,512	1,502	1,545	1,656
18	1,501	1,395	1,542	1,675
25	1,606	1,533	1,595	1,665
Mar.				
4	1,635	1,556	1,610	1,619
11	1,650	1,578	1,674	1,716
18	1,556	1,574	1,639	1,702
25	1,579	1,504	1,631	1,601
Apr.				
1	1,518	1,529	1,599	1,648
8	1,633	1,553	1,573	1,761
15	1,651	1,468	1,655	1,767
22	1,619	1,393	1,660	1,813
29	1,637	1,453	1,695	1,764
May				
6	1,607	1,475	1,654	1,732
13	1,560	1,440	1,634	1,658
20	1,518	1,448	1,577	1,629
27	1,310	1,232	1,533	1,618
June				
3	1,471	1,385	1,323	1,343
10	1,459	1,372	1,489	1,577
17	1,373	1,341	1,513	1,589
24	1,330	1,356	1,503	1,533
July				
1	1,118	1,193	1,537	
8	1,390	1,360	1,330	
15	1,349	1,345	1,537	
22	1,281	1,354	1,542	
29	1,314	1,334	1,456	
Aug.				
5	1,338	1,372	1,528	
12	1,368	1,445	1,571	
19	1,402	1,404	1,513	
26	1,419	1,475	1,563	
Sept.				
2	1,257	1,548	1,607	
9	1,492	1,363	1,517	
16	1,504	1,671	1,807	
23	1,504	1,621	1,868	
30	1,521	1,658	1,803	
Oct.				
7	1,555	1,640	1,830	
14	1,528	1,720	1,838	
21	1,551	1,664	1,845	
28	1,580	1,763	1,895	
Nov.				
4	1,576	1,792	1,908	
11	1,537	1,778	1,827	
18	1,557	1,772	1,920	
25	1,308	1,463	1,562	
Dec.				
2	1,530	1,845	1,956	
9	1,548	1,879	1,887	
16	1,503	1,729	1,800	
23	1,070	1,150	1,668	
30	1,258	1,458	1,420	

1/ Corresponding dates to 1989: 1986, Jan. 11, 1987, Jan. 10, 1988, Jan. 9.

Table 12--Pork: Retail, wholesale, and farm values, spreads, and farmers' share

Year	Retail price 1/	Wholesale value 2/	Gross farm value 3/	By-product allowance 4/	Net farm value 5/	Farm retail spread				Farmers' share 6/
						Total	Wholesale-retail	Farm-wholesale	Percent	
Cents per pound										
1982	175.4	121.8	94.3	6.3	88.0	87.4	53.6	33.8	50	
1983	169.8	108.9	81.4	4.9	76.5	93.3	60.9	32.4	45	
1984	162.0	110.1	83.3	5.9	77.4	84.6	51.9	32.7	48	
1985	162.0	101.1	76.2	4.8	71.4	90.6	60.9	29.7	44	
1986	178.4	110.9	87.3	4.9	82.4	96.0	67.5	28.5	46	
1987	188.4	113.0	87.9	5.2	82.7	105.7	75.4	30.3	44	
I	185.0	103.8	81.8	5.0	76.8	108.2	81.2	27.0	41	
II	183.4	116.6	95.6	5.5	90.1	93.3	66.8	26.5	49	
III	195.5	124.3	100.3	5.9	94.4	101.1	71.2	29.9	48	
IV	189.7	107.4	74.0	4.3	69.7	120.0	82.3	37.7	37	
1988										
I	183.9	104.3	76.4	4.6	71.8	112.1	79.6	32.5	39	
II	184.8	105.1	78.0	4.6	73.4	111.4	79.7	31.7	40	
III	185.9	99.5	75.0	4.6	70.4	115.5	86.4	29.1	38	
IV	179.0	95.3	66.2	4.0	62.2	116.8	83.7	33.1	35	
Year	183.4	101.0	73.8	4.6	69.4	114.0	82.4	31.6	38	
1989										
Jan.	181.1	94.3	71.1	4.4	66.7	114.4	86.8	27.6	37	
Feb.	179.3	92.7	69.5	4.3	65.2	114.1	86.6	27.5	36	
Mar.	179.7	91.8	67.5	4.2	63.3	116.4	87.9	28.5	35	
I	180.0	92.9	69.4	4.3	65.1	114.9	87.1	27.8	36	
Apr.	179.5	88.6	63.0	4.0	59.0	120.5	90.9	29.6	33	
May	177.1	95.5	72.8	4.4	68.4	108.7	81.6	27.1	39	

1/ Estimated weighted-average of BLS prices of retail cuts from pork carcass. 2/ Value of wholesale quantity equivalent to 1 lb of retail cuts. A wholesale-carcass equivalent of 1.06 is used. 3/ Market values to producer for 1.7 lb of live animal, equivalent to 1 lb of retail cuts. 4/ Portion of gross farm value attributable to edible and inedible by-products. 5/ Gross farm value minus by-product allowance. 6/ Percent net farm value is of retail price.

U.S. Pork Trade

U.S. Pork Imports Continue Down

U.S. pork imports for January-April 1989 equaled 333 million pounds, carcass weight, about 17 percent under that period last year. Imports of pork from Canada and Denmark remain substantially below last year's levels, while purchases from Eastern Europe are up slightly. Imports from Canada declined 11 percent to 173 million pounds, while those from Denmark were 68 million pounds, almost 37 percent below 1988. Led by lower Canadian and Danish shipments, total pork imports for the year should decline to about 1 billion pounds.

Canadian hog and pork prices remain below last year, which has encouraged domestic consumption and diverted some supply from the export market. Despite near year-ago hog slaughter, Canadian statistics indicate that total exports of pork through the end of May were about 8 percent below 1988 levels. Although there has been some increase in Canadian pork exports to Japan and other markets, these have not been enough to offset the decline in sales to the United States.

Table 13--U.S. pork trade, carcass weight 1/

Country or area	Annual 1988	January-April		
		1988	1989	Percent change
Million pounds				
Imports				
Canada	508.8	195.5	173.5	-11.3
Denmark	326.5	106.8	67.8	-36.6
Poland	128.6	43.1	44.1	-2.4
Hungary	44.2	13.7	9.9	-27.9
Other	129.1	44.0	38.1	-13.3
Total	1,137.2	403.1	333.4	-17.3
Exports				
Japan	121.2	27.4	38.2	39.5
Canada	8.8	2.3	3.4	43.9
Mexico	34.9	2.8	22.3	696.7
Caribbean	10.8	2.7	3.9	44.8
Other	19.5	6.1	6.6	9.3
Total	195.2	41.3	74.4	80.2

1/ Data may not add due to rounding. Percent change calculated from unrounded data.

Due to a wide spread between western Canadian hog prices and U.S. 7-market barrow and gilt prices in the first three quarters of 1989, there was a strong incentive for western Canadian producers to ship live hogs to the United States. However, the spread narrowed in April and imports of live hogs from Canada declined from their March highs. U.S.

Table 14--U.S. live hogs trade 1/

Country or area	Annual 1988	January-April		
		1988	1989	Percent Change
	1,000 head		Percent	
Imports				
Mexico	.6	.6	.6	--
Canada	835.1	211.8	475.5	124.5
Total	835.9	212.4	475.8	124.1
Exports				
Venezuela	2.5	.8	3.1	254.4
Mexico	84.4	.5	64.0	13,832.4
Other	4.3	1.0	2.6	160
Total	91.3	2.3	69.7	2888.8

1/ May not add due to rounding. Percent change calculated from unrounded data.

Imports of Canadian hogs in April were 65,383 head, less than half of March imports but still 18 percent above a year ago. Hog imports from all sources for January-April equaled 475,845 head, 125 percent above the same period last year.

Canadian production for 1989 is expected to be about 2 percent lower than last year because reduced hog prices in late 1988 and early 1989 encouraged herd liquidation. The addition of a countervailing duty deposit on fresh, chilled, and frozen pork imports from Canada is expected to reinforce the existing shift towards imports of Canadian hogs. On the other hand, if the duty is negated and the bond returned, the shift towards hogs could be slowed. A final decision from the U.S. Commerce Department on the subsidy level is expected by July 17, with a final vote on injury from the U.S. International Trade Commission 45 days later. Nonetheless, Canadian pork imports for 1989 will probably remain below year-ago levels.

EC pork production continues to decline and has resulted in higher prices. This has encouraged a buildup in Danish hog inventories. Danish pork production is expected to be only slightly higher than 1988. However, Denmark appears to be recapturing its market share in Japan and increased demand by the EC and Japanese markets has bid available export supplies away from the United States. In addition, lower U.S. prices and the continued strength of the dollar relative to the yen have made Japan a more enticing market vis-a-vis the United States. If EC production continues to decline and U.S. prices remain low, Danish exports to the United States are expected to be below year-ago levels.

Pork Exports Above 1988 Levels

Although U.S. pork exports remained strong in the first 4 months of 1989, the rate of increase has begun to slow. Exports for the period equaled 74 million pounds, 80 percent above the same period last year.

Exports to Japan for the first 4 months equaled 38 million pounds, 39 percent above that period in 1988. However, exports for April were down 17 percent from year-ago lev-

els. Japanese pork demand is still strong but Denmark and Taiwan continue to dominate this market. According to Japanese data, Denmark and Taiwan each has about 35 percent of the market, while the United States is responsible for about 15 percent.

Exports to Mexico for January-April were 22 million pounds, almost 10 times a year ago. The Mexican Government has been permitting the importation of large quantities of pork as part its policy of maintaining low food prices. However, on July 11, the tariff on imported pork was doubled to 20 percent. As a result, Mexican pork imports could be reduced.

Despite the uncertainties in both Japan and Mexico, pork exports are expected to remain strong, although not as high as last year's levels. Exports for 1989 are expected to equal approximately 185 million pounds, 5 percent below 1988.

After substantial growth in late 1988 and the first 2 months of 1989, live hog exports to Mexico came to a virtual halt following that government's March 8 requirement that U.S. hogs be certified as vaccinated for hog cholera. The United States has argued that it is hog cholera free and is requesting that the Mexican Government permit non-vaccinated hogs to enter Mexico. The Mexican Government has also announced a doubling of the import duty on live hogs. As of July 11, the duty was increased to 20 percent. Regardless of the outcome of the discussion on hog cholera, hog imports are not expected to regain the strength exhibited earlier in the year.

Cattle

Poor pasture and range conditions in the Northern and Central Plains led to higher-than-expected beef cow slaughter and early movement of cattle off wheat pastures this past spring. Pasture and range feed conditions began improving during late May and into June, and were rated at 77 percent on July 1, a 3-point improvement over June 1 conditions, but 31 points above a year ago. Conditions were 6 points below the 1978-87 average. Conditions in Kansas improved 19 points during June to 73, up from 50 a year ago, but 15 points below the 1978-87 average.

Normal weather conditions are expected this summer, and with a few exceptions, pastures will likely remain adequate in the major cow-calf States. However, several areas in the Central Plains remain extremely dry. Nebraska and South Dakota, which hold the fourth and fifth largest beef cow inventories, reported very poor to severe drought conditions, as did New Mexico, Utah, Arizona, and Iowa. So, despite the expected improvement in most areas of the country, the ability to carry the beef herd through the typically hot, dry summer in some areas still is uncertain. Hay acreage for harvest in 1989 was 4 percent below a year ago, but 4 percent

above 1987. The 1989 figure likely does not include all the acreage to be harvested from Conservation Reserve Program land in drought areas.

Second-quarter beef production rose over 4 percent from the winter quarter because larger fed cattle supplies moved to slaughter. Most of the increase came during May and June, with higher heifer slaughter accounting for much of the expanded production. The number of heifers on feed April 1 was nearly 200,000 head above a year earlier despite the rebuilding of the beef cow herd that started last year. Also contributing to the second-quarter increase in beef production was more cow slaughter from regions facing drought-like conditions. First-half beef cow slaughter was about 2 percent below a year ago. However, sharply higher dairy cow slaughter has pushed total cow slaughter 2 percent above last year's rate. Beef cow slaughter rose in late March through mid-May as drought forced earlier culling of cows that normally would not have been marketed until June and July. Slaughter in late May and June was 10 percent below year-earlier levels.

Falling slaughter weights during the past several months have offset some of the impact of higher slaughter numbers. Dressed cattle weights have fallen 20 pounds from their peak in January to average near 665 pounds in June. The sharpest weight declines were recorded for steers and heifers, and

likely reflected feedlots marketing cattle at lighter weights when spring prices began to decline. Average cattle weights began to increase in July, reflecting the larger proportion of fed cattle in the slaughter mix. In addition, the recent weight increase also may be an indication of feedlot resistance to prices that have been near or below breakeven. Recent feedlot losses have averaged over \$50 per head, and are expected to remain near or below breakeven through much of the summer quarter.

Record placements in January-April and lower fed cattle returns resulted in a 25-percent decline in the May 7-State feedlot placements, from a year ago. Higher bids from stocker operators also drew more cattle away from feedlots when pastures began to improve following several weeks of rain. The aggressive bidding for stocker cattle and relatively tight supplies of yearlings pressured feeder cattle prices up in the mid-\$80's per cwt in June, and widened the spread between feeders and slaughter cattle to \$15 or more. Since then, the stronger feeder cattle prices have made it difficult for feedlots to pencil in a profit on replacement cattle and likely will keep placements below year-earlier levels during much of the summer.

Demand for stocker cattle to go back on grass is expected to moderate by mid-summer, which could take some of the current premium. However, by late summer, renewed interest

Table 15--7-States cattle on feed, placements, and marketings

Year	On feed	Percent change 1/	Net placements	Percent change 1/	Marketings	Percent change 1/	Other dis- appearance	Percent change 1/
	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent
1987								
Jan.	7,643	-3.5	1,464	-2.0	1,803	+3.0	127	+46.0
Feb.	7,304	-4.7	1,337	+18.5	1,478	+.5	105	+14.1
Mar.	7,163	-2.2	1,630	+4.2	1,561	-2.0	89	+3.5
Apr.	7,232	-.8	1,542	+6.7	1,541	-5.5	139	+15.8
May	7,233	+1.8	1,841	+13.4	1,514	-7.4	143	+8.3
June	7,560	+6.5	1,335	+21.9	1,702	+3.3	87	+29.9
July	7,193	+9.9	1,203	-18.7	1,703	+.7	71	+10.9
Aug.	6,693	+5.7	1,847	+6.6	1,722	+3.8	68	-2.9
Sept.	6,818	+6.5	2,358	+15.4	1,641	-.2	71	+20.3
Oct.	7,535	+10.6	2,529	+8.9	1,700	+7.1	85	+4.9
Nov.	8,364	+10.8	1,526	-11.6	1,478	+2.1	103	+18.4
Dec.	8,412	+7.5	1,221	-8.3	1,567	+3.5	119	+14.4
1988								
Jan.	8,066	+5.5	1,557	+6.4	1,754	-2.7	106	-16.5
Feb.	7,869	+7.7	1,253	-6.3	1,535	+3.9	126	+20.0
Mar.	7,587	+5.9	1,742	+6.9	1,583	+1.4	106	+19.1
Apr.	7,746	+7.1	1,382	-10.4	1,609	+4.4	139	0
May	7,519	+4.0	2,024	+9.9	1,724	+13.9	141	-1.4
June	7,819	+3.4	1,309	-1.9	1,697	-.3	68	-21.8
July	7,431	+3.3	1,184	-1.6	1,760	+3.3	62	-12.7
Aug.	6,855	+2.4	1,594	-13.7	1,760	+2.2	66	-2.9
Sept.	6,689	-1.9	2,102	-10.9	1,647	+.4	67	-5.6
Oct.	7,144	-5.2	2,391	-5.5	1,601	-5.8	84	-1.2
Nov.	7,934	-5.1	1,573	+3.1	1,507	+2.0	107	+3.9
Dec.	8,000	-4.9	1,286	+5.3	1,521	-2.9	115	-3.4
1989								
Jan.	7,765	-3.7	1,607	+3.2	1,672	-4.7	104	-1.9
Feb.	7,700	-2.1	1,470	+17.3	1,509	-1.7	115	-8.7
Mar.	7,661	+1.0	1,900	+9.1	1,549	-2.1	75	-29.2
Apr.	8,012	+3.4	1,405	+1.7	1,570	-2.4	129	-7.2
May	7,847	+4.4	1,455	-28.1	1,747	+1.3	164	+16.3
June	7,555	-3.4						

1/ Percent change is from previous year.

from feeders looking to fill empty pen space should again support higher feeder cattle prices. Changes in feed grain prices, as the 1989 harvest approaches, will have a major impact on feeder cattle prices. Competition for tight supplies of stocker-feeder cattle, especially if heifers are fewer due to higher retention rates, may force feedlots to bid heavy feeder cattle back up into the mid \$80 per cwt range. These prices could be offset, however, by lower grain prices following harvest. If corn prices average \$2 per bushel at harvest-time, these \$85 feeder cattle would result in \$80 breakeven prices next spring on fed cattle.

Short term, the possibility of reducing recent feedlot losses seems minimal because seasonally higher fed cattle slaughter is expected through much of August. This likely will keep a lid on further price increases beyond the low \$70's. However, when the smaller feedlot placements this spring begin to show up as lower slaughter numbers this fall, weekly slaughter rates should again decline to the 650,000 head range and higher prices will result. Even lower cow slaughter is possible and could further reduce beef supplies, resulting in even higher slaughter cattle prices.

Third-quarter beef production is expected to remain below year-earlier levels, but rise from the spring quarter as fed and nonfed cattle slaughter increase modestly. This will require more active marketing by feedlots to avoid potential backups and further increases in marketing weights. Marketing rates remained below expectations during much of the spring quarter, which supported stronger cattle prices. If cattle marketings do not remain current, the time required to return the feedlot sector to profitability may be extended.

As feedlot marketings begin to diminish this fall, fed cattle prices could again return to the mid \$70's. This expectation may keep retailers from lowering beef prices this summer and could slow beef sales as fed cattle supplies are increasing. In addition, packers will resist further cattle price increases until cutout values move higher, which in turn will help keep retail prices from declining. Packer margins finally turned positive in May after operating near or below breakeven since last October. These factors, together with the general belief that larger fed cattle supplies will be around until August, will keep the pressure on cattle prices.

Table 16--Federally inspected cattle slaughter

Week ended	Cattle			Steers			Total			Cows			Dairy			Dairy/total		
	1987	1988	1989	1987	1988	1989	1987	1988	1989	1987	1988	1989	1987	1988	1989	1987	1988	1989
	Thousands															Percent		
Jan.																		
7	741	664	543	349	328	256	148	131	119	66	64	64	45	49	49	54		
14	766	723	627	360	359	290	151	126	131	67	62	68	44	49	52	52		
21	707	703	654	336	353	313	124	126	129	61	60	65	49	48	50	50		
28	673	675	640	332	340	310	128	119	124	64	57	62	50	48	50	50		
Feb.																		
4	674	646	624	316	335	300	135	116	113	67	58	60	50	50	50	53		
11	621	639	605	303	332	300	119	106	103	59	55	56	50	52	55	55		
18	602	637	644	292	316	319	109	118	119	55	59	64	50	50	54	54		
25	657	640	628	326	314	309	121	121	108	65	60	62	54	49	57	57		
Mar.																		
4	678	616	639	337	304	316	127	114	114	67	56	62	53	49	54	54		
11	646	609	600	311	298	312	124	105	104	58	54	57	47	52	55	55		
18	624	622	588	300	307	288	111	106	119	55	54	61	49	51	51	51		
27	616	607	584	303	304	286	116	108	114	58	53	57	50	49	49	49		
Apr.																		
1	652	617	587	328	316	286	121	106	111	57	51	57	47	48	51	51		
8	649	600	609	333	310	300	114	101	118	51	50	57	45	50	48	48		
15	681	619	646	349	315	335	119	110	117	52	54	56	44	49	48	48		
22	639	670	663	330	349	332	117	108	122	48	50	56	41	46	46	46		
29	635	674	652	321	356	332	118	109	122	48	50	54	41	46	44	44		
May																		
6	631	664	666	309	358	326	116	104	128	46	46	56	40	44	44	44		
13	700	664	670	348	344	339	124	109	118	50	47	50	37	43	43	43		
20	695	682	675	355	348	344	131	118	115	49	48	50	37	41	44	44		
27	613	689	673	308	355	342	107	125	115	43	52	50	40	42	44	44		
June																		
3	680	575	589	351	298	301	117	96	99	50	39	42	43	41	43	43		
10	669	681	662	340	336	328	115	120	114	49	50	49	43	42	43	43		
17	649	678	680	320	338	339	123	129	114	49	53	53	40	41	46	46		
24	680	678		339	344		129	120		52	50		40	42				
July																		
1	621	682		316	348		109	119		47	50		43	42				
8	652	609		338	306		114	108		51	51		45	48				
15	682	724		339	341		128	135		53	62		41	46				
22	672	691		333	359		121	116		51	55		42	47				
29	676	694		339	346		123	112		56	57		46	51				
Aug.																		
5	694	678		335	339		123	111		58	54		47	49				
12	713	694		354	346		124	112		58	56		47	50				
19	692	688		336	337		129	115		63	54		49	47				
26	706	678		341	328		132	121		66	58		50	48				
Sept.																		
2	690	703		324	326		119	116		54	55		45	47				
9	624	614		293	288		100	101		44	49		44	49				
16	729	692		337	333		122	124		53	58		43	47				
23	677	672		312	332		123	119		57	58		46	49				
30	684	667		324	316		116	118		53	58		46	49				
Oct.																		
7	690	674		340	309		120	125		53	56		44	46				
14	696	680		338	311		128	127		55	56		43	44				
21	676	673		319	312		136	132		57	58		42	44				
28	663	676		315	310		140	143		59	64		44	45				
Nov.																		
4	649	656		311	304		140	140		59	62		41	44				
11	643	621		301	298		135	134		56	62		41	46				
18	648	623		308	286		141	140		57	63		40	45				
25	576	546		280	260		109	110		46	51		42	46				
Dec.																		
2	646	648		305	298		139	145		58	67		42	46				
9	660	624		311	300		140	140		60	66		43	47				
16	638	623		324	306		114	126		51	62		45	50				
23	482	622		242	305		80	116		39	58		49	50				
30	561	549		291	281		86	90		41	46		48	51				

1/ Corresponding dates to 1989: 1987, Jan. 10; 1988, Jan. 9.

Table 17--Great Plains custom cattle feeding: Selected costs at current rates 1/

Purchased during 1988 Marketed during 1988-89	July Jan.	Aug. Feb.	Sept. Mar.	Oct. Apr.	Nov. May	Dec. June	Jan. July	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.
Expenses: (\$/head)												
600 lb. feeder steer	466.02	492.00	494.28	493.14	490.20	496.98	518.28	513.00	496.20	477.00	485.40	498.96
Transportation to feedlot (300 miles)	.396	.396	.396	.396	.396	.396	.396	.396	.396	.396	.396	.396
Commission	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Feed												
Milo (1500 lb) 2/	79.20	76.50	77.10	76.50	72.15	71.40	74.70	72.75	73.05	72.00	72.75	71.25
Corn (1500 lb) 2/	89.70	84.15	85.05	84.15	80.85	82.05	83.10	80.70	81.15	79.95	80.25	78.90
Cotton seed meal (400 lb)	57.60	57.60	57.60	53.60	53.60	53.60	56.00	56.00	56.00	56.00	56.00	56.00
Alfalfa hay (800 lb)	48.40	47.60	50.80	50.80	52.00	51.60	53.20	54.00	49.20	57.60	52.80	52.80
Total feed cost	274.90	265.85	270.55	265.05	258.60	258.65	267.00	263.45	259.40	265.55	261.80	258.95
Feed handling and management charge	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Vet medicine	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Interest on feeder and 1/2 feed												
Death loss (1.5% of purchase)	33.95	35.15	35.41	38.32	37.94	38.36	42.37	41.91	40.68	41.16	41.60	42.42
Marketing 3/	6.99	7.38	7.41	7.40	7.35	7.45	7.77	7.69	7.44	7.15	7.28	7.48
F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.
Total	812.82	831.34	838.62	834.87	825.06	832.41	866.38	857.01	834.69	821.82	827.04	838.77
Selling price required to cover: 4/ \$/cwt.												
Feed and feeder cost (1056 lb)	70.16	71.77	72.43	71.80	70.91	71.56	74.36	73.53	71.55	70.32	70.76	71.77
All costs	76.97	78.73	79.41	79.06	78.13	78.83	82.04	81.16	79.04	77.82	78.32	79.43
Selling price 5/	74.40	75.40	78.87	77.51	75.30	71.71						
Net margin	-2.57	-3.33	-.54	-1.55	-2.83	-7.12						
Cost per 100 lb. gain:												
Variable cost												
less interest \$/cwt.	61.18	59.45	60.39	59.29	57.99	58.02	59.75	59.03	58.17	59.34	58.62	58.09
Feed costs \$/cwt.	54.98	53.17	54.11	53.01	51.72	51.73	53.40	52.69	51.88	53.11	52.36	51.79
Prices: (\$/cwt)												
Choice feeder steer 600-700 lb. Amarillo	77.67	82.00	82.38	82.19	81.70	82.83	86.38	85.50	82.70	79.50	80.90	83.16
Transportation rate \$/cwt/100 miles 6/	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Commission fee \$/cwt.	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Milo \$/cwt.	5.13	4.95	4.99	4.95	4.66	4.61	4.83	4.70	4.72	4.65	4.70	4.60
Corn \$/cwt.	5.83	5.46	5.52	5.46	5.24	5.32	5.39	5.23	5.26	5.18	5.20	5.11
Cottonseed Meal (41%) \$/cwt. 7/	14.40	14.40	14.40	13.40	13.40	13.40	14.00	14.00	14.00	14.00	14.00	14.00
Alfalfa hay \$/ton 8/	91.00	89.00	97.00	97.00	100.00	99.00	103.00	105.00	93.00	114.00	102.00	102.00
Feed handling and management \$/ton	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Interest, annual rate 9/	11.25	11.25	11.25	12.25	12.25	12.25	13.00	13.00	13.00	13.50	13.50	13.50

1/ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feedlots. For individual use, adjust expenses and prices for management, production level, and locality of operation. Steers are assumed to gain 500 lb in 180 days at 2.8 lb per day with feed conversion of 8.4 lb per pound gain. 2/ Texas Panhandle elevator price plus \$0.15/cwt handling and transportation to feedlots. 3/ Most cattle sold f.o.b. at the feedlot with 4-percent shrink. 4/ Sale weight 1,056 lb (1,100 lb less 4-percent shrink). 5/ Choice slaughter steers, 900-1100 lb, Texas-New Mexico direct. 6/ Converted from cents per mile for a 44,000-lb haul. 7/ Average prices paid by farmers in Texas. 8/ Average price received by farmers in Texas plus \$30/ton handling and transportation to feedlots. 9/ Prime rate plus 2 points.

Table 18--Corn Belt cattle feeding: Selected costs at current rates 1/

Purchased during 1988-89 Marketed during 1988-89	July Jan.	Aug. Feb.	Sept. Mar.	Oct. Apr.	Nov. May	Dec. June	Jan. July	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.
Expenses: (\$/head)												
600 lb. feeder steer	474.48	507.90	504.00	514.86	503.40	516.78	516.00	513.36	506.70	495.78	501.00	512.28
Transportation to feedlot-400 miles	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28
Corn (45 bu.)	122.40	117.90	116.10	114.30	112.50	112.50	115.20	116.10	117.00	114.98	116.55	109.80
Silage (1.7 tons)	47.24	49.76	49.00	47.12	46.21	47.20	48.55	50.26	50.99	50.33	50.91	47.81
Protein supplement (270 lb.)	44.28	44.28	44.28	41.85	41.85	41.85	41.85	41.85	41.85	39.29	39.29	39.29
Hay (400 lb.)	17.20	19.60	19.30	18.20	17.80	18.50	19.10	20.20	20.60	20.40	20.60	19.30
Total feed costs	231.12	231.54	228.68	221.47	218.36	220.05	224.70	228.41	230.44	224.99	227.34	216.19
Labor (4 hrs.)	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72
Management (1 hr.) 2/	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86
Vet medicine 3/	5.55	5.55	5.55	5.61	5.61	5.61	5.67	5.67	5.67	5.73	5.73	5.73
Interest on purchase (6 months)	26.50	28.37	28.15	29.91	29.25	30.02	30.73	30.57	30.17	30.91	31.24	31.94
Power, equip., fuel, shelter, deprec. 3/	25.89	25.89	25.89	26.15	26.15	26.15	26.46	26.46	26.46	26.74	26.74	26.74
Death loss (1% of purchase)	4.74	5.08	5.04	5.15	5.03	5.17	5.16	5.13	5.07	4.96	5.01	5.01
Transportation (100 miles)	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31
Marketing expenses	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Miscellaneous and indirect costs 3/	11.20	11.20	11.20	11.31	11.31	11.31	11.44	11.44	11.44	11.57	11.57	11.57
Total	814.00	850.04	843.02	848.97	833.63	849.61	854.68	855.57	850.48	835.20	843.15	844.10
Selling price required to cover: (\$/cwt.)												
Feed and feeder cost (1050 lb.)	67.20	70.42	69.78	70.13	68.74	70.17	70.54	70.64	70.20	68.64	69.37	69.38
All costs (1050 lb.)	77.52	80.96	80.29	80.85	79.39	80.91	81.40	81.48	81.00	79.54	80.30	80.39
Feed cost per 100 lb. gain (450 lb.)	51.36	51.45	50.82	49.21	48.53	48.90	49.93	50.76	51.21	50.00	50.52	48.04
Choice steers, Omaha (1000-1100 lb.)	72.35	72.92	75.75	75.31	74.52	71.71						
Net margin	-5.17	-8.04	-4.54	-5.54	-4.87	-9.20						
Prices:												
Feeder steer, Choice (600-700 lb.)												
Kansas City \$/cwt.	79.08	84.65	84.00	85.81	83.90	86.13	86.00	85.56	84.45	82.63	83.50	85.38
Corn \$/bu. 4/	2.72	2.62	2.58	2.54	2.50	2.50	2.56	2.58	2.60	2.56	2.59	2.44
Hay \$/ton 4/	86.00	98.00	96.50	91.00	89.00	92.50	95.50	101.00	103.00	102.00	103.00	96.50
Corn silage \$/ton 5/	27.79	29.27	28.82	27.72	24.69	27.76	28.56	29.57	30.00	29.61	29.95	28.12
Protein supplement (32-36%) \$/cwt. 6/	16.40	16.40	16.40	15.50	15.50	15.50	15.50	15.50	15.50	14.55	14.55	14.55
Farm labor \$/hour	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93
Interest rate, annual	11.17	11.17	11.17	11.62	11.62	11.62	11.91	11.91	11.91	12.47	12.47	12.47
Transportation rate \$/cwt. per 100 mile 7	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Mktg. expenses \$/cwt.	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Index of prices paid by farmers (1910-14=100)	1181	1181	1181	1193	1193	1193	1207	1207	1207	1220	1220	1220

1/ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individuals for management, production, and locality of operation. 2/ Assumes 1 hour at twice the labor rate. 3/ Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. 4/ Average price received by farmers in IA and IL. 5/ Price derived from an equivalent price of 5 bushels corn and 330 lb. hay. 6/ Average price paid by farmers in IA and IL. 7/ Converted from cents/mile for a 44,000-lb. haul. 8/ Yardage plus commission fees at a Midwest terminal market.

Table 19--Calf slaughter by class under Federal inspection

Year	Fed, 150-400 lb.				Other over 400 lb.	Total
	Bob veal 150 lb. & below	150 lb. & below	Formula	Non- formula		
1,000 head						
1986	1,618.6	1,009.3	285.9	281.0	3,194.8	
1987						
Jan.	115.9	87.1	15.1	29.5	247.6	
Feb.	104.5	82.2	13.3	24.7	224.7	
Mar.	120.5	90.2	13.8	26.6	251.1	
Apr.	89.4	86.8	15.5	23.2	214.9	
May	70.0	80.7	14.4	24.0	189.1	
Jun.	81.3	94.2	13.3	25.7	214.5	
Jul.	101.3	80.8	12.1	26.0	220.2	
Aug.	101.6	64.2	14.8	21.8	202.4	
Sept.	99.4	91.0	14.0	24.2	228.6	
Oct.	102.8	85.6	19.3	25.4	233.1	
Nov.	103.5	70.4	12.3	25.1	211.3	
Dec.	117.6	89.5	13.5	21.3	241.9	
Year	1,207.8	1,002.7	171.4	297.5	2,679.4	
1988						
Jan.	92.5	82.0	12.5	18.1	205.1	
Feb.	86.5	84.9	16.2	15.2	202.8	
Mar.	96.3	92.8	11.4	15.3	215.8	
Apr.	65.3	78.7	10.8	14.3	169.1	
May	58.1	80.7	17.1	15.4	171.3	
Jun.	82.1	90.4	14.2	17.1	203.8	
July	106.3	74.2	14.1	12.4	207.0	
Aug.	111.7	86.3	12.2	16.7	226.9	
Sept.	92.7	85.0	13.1	16.5	207.3	
Oct.	84.6	84.7	11.9	15.8	197.0	
Nov.	94.7	81.4	11.3	14.1	201.5	
Dec.	95.1	82.2	11.1	14.2	202.6	
Year	1,065.9	1,003.3	155.9	185.1	2,410.2	
1989						
Jan.	83.4	83.6	10.3	18.3	195.6	
Feb.	75.7	76.6	7.7	15.3	175.3	
Mar.	83.1	84.6	9.9	16.7	194.3	
Apr.	49.8	74.5	7.3	23.9	152.0	
May						

Table 20--Beef, Choice Yield Grade 3: Retail, carcass, and farm values, spreads, and farmers' share

Year	Retail price 1/	Gross carcass value 2/	By- product allow- ance 3/	Net carcass value 4/	Gross farm value 5/	By- product allow- ance 6/	Net farm value 7/	Farm retail-spread			Farmers' share 8/
								Total	Carcass- retail	Farm- carcass	
Cents per pound--											
1982	242.5	152.8	2.1	150.7	155.5	15.0	140.5	102.0	91.8	10.2	58
1983	238.1	147.4	2.0	145.4	151.8	15.6	136.2	101.9	92.7	9.2	57
1984	239.6	150.6	3.0	147.6	158.6	18.6	140.0	99.6	92.0	7.6	58
1985	232.6	137.0	1.8	135.2	142.2	15.4	126.8	105.8	97.4	8.4	55
1986	230.7	134.3	1.2	133.1	140.0	15.6	124.4	106.3	97.6	8.7	54
1987	242.5	146.7	1.4	145.3	157.6	19.7	137.9	104.6	97.2	7.4	57
I	234.6	138.4	1.4	137.0	147.9	17.6	130.3	104.3	97.6	6.7	56
II	243.2	157.6	1.5	156.1	167.8	20.0	147.8	95.4	87.1	8.3	61
III	246.4	146.9	1.4	145.5	157.8	20.1	137.7	108.7	100.9	7.8	56
IV	245.9	144.2	1.5	142.7	156.9	21.0	135.9	110.0	103.2	6.8	55
1988											
I	245.9	150.7	1.7	149.0	166.0	23.2	142.8	103.1	96.9	6.2	58
II	254.4	162.2	1.8	160.4	176.2	23.2	153.0	101.4	94.0	7.3	60
III	258.9	151.3	1.7	149.6	163.9	21.6	142.2	116.7	109.3	7.4	55
IV	259.4	158.2	1.7	156.5	171.4	20.0	151.4	108.0	102.9	5.1	58
Year	254.7	155.6	1.7	153.9	169.4	22.0	147.4	107.3	100.8	6.5	58
1989											
Jan.	264.3	161.5	1.7	159.8	175.4	19.6	155.8	108.5	104.5	4.0	59
Feb.	265.2	162.5	1.6	160.9	177.7	20.1	157.6	107.6	104.3	3.3	59
Mar.	269.5	169.0	1.6	167.4	185.6	21.7	163.9	105.6	102.1	3.5	61
I	266.3	164.3	1.6	162.7	179.6	20.5	159.1	107.2	103.6	3.6	60
Apr.	269.8	171.1	1.6	169.5	184.7	20.4	164.3	105.5	100.3	5.2	61
May	271.9	169.3	1.6	167.7	180.7	19.8	160.9	111.0	104.2	6.8	59

1/ Estimated weighted-average of BLS prices of retail cuts from Choice Yield Grade 3 carcass. 2/ Value of carcass-quantity equivalent to 1 lb of retail cuts. A wholesale-carcass equivalent of 1.476 is used. 3/ Portion of gross carcass value attributed to fat and bone trim. 4/ Gross carcass value minus carcass byproduct allowance. 5/ Market value to producer for 2.4 lb of live animal, equivalent to 1 lb of retail cuts. 6/ Portion of gross farm value attributed to edible and inedible byproducts. 7/ Gross farm value minus farm byproduct allowance. 8/ Percent net farm value is of retail price.

U.S. Cattle and Beef Trade

U.S. imports of live cattle continued downward in January-April because of a decline in purchases from Mexico caused by the 20-percent export tariff collected by the Mexican Government. Imports from Canada, however, continued to rise.

Table 21--Imports of feeder cattle and calves and hogs from Canada and Mexico

Year	Feeder cattle and calves		Hogs Canada
	Canada	Mexico	
Number			
1986			
Oct.	9,404	11,957	32,937
Nov.	13,938	203,827	21,013
Dec.	8,593	336,228	31,628
Total	227,538	1,155,931	503,715
1987			
Jan.	13,615	108,916	48,558
Feb.	19,154	131,631	20,745
Mar.	21,513	134,011	32,206
Apr.	28,569	92,943	47,763
May	27,497	46,567	31,270
June	35,431	95,977	35,143
July	14,568	28,333	40,183
Aug.	13,461	3,419	34,300
Sept.	11,138	12	37,560
Oct.	17,638	0	35,499
Nov.	20,549	4,950	31,787
Dec.	21,577	288,173	50,849
Total	244,710	934,932	445,863
1988			
Jan.	28,013	304,053	58,942
Feb.	29,193	233,635	43,759
Mar.	34,848	95,394	53,682
Apr.	30,899	58,169	55,393
May	44,319	32,816	51,366
June	41,631	5,043	62,137
July	25,098	0	53,360
Aug.	48,177	8	83,256
Sept.	56,200	0	104,310
Oct.	53,307	178	108,945
Nov.	56,006	4,184	106,901
Dec.	29,016	107,805	53,074
Total	476,707	841,285	835,125
1989			
Jan.	52,285	105,822	162,762
Feb.	34,515	146,996	103,245
Mar.	39,386	132,921	144,106
Apr.	46,410	108,428	65,383

Table 22--U.S. live cattle trade 1/

Country or area	Annual 1988	January-April		
		1988	1989	Percent change
Million pounds				
Imports				
Mexico	844.2	694.1	494.3	-28.3
Canada	487.5	127.5	176.4	38.3
Other	.5	.4	.9	148.1
Total	1,332.2	822.0	671.6	-18.3
Exports				
Mexico	257.1	9.7	73.6	660.8
Canada	15.3	5.2	3.8	-26.9
Other	49.0	15.0	9.2	-38.9
Total	321.4	29.9	86.6	189.6

1/ May not add due to rounding. Percent change calculated from unrounded data.

Through June 24, according to Canadian statistics, slaughter cattle exports to the United States were up 26 percent over last year. The largest increase continued to be in cows, up 77 percent. Slaughter cows through June 25 made up 38 percent of total slaughter cattle exported, compared with 27 percent during that period last year.

U.S. Beef and Veal Imports Down

Total U.S. beef and veal imports were down 21 percent for the first 4 months of 1989. Imports for the year are forecast to decline 9 percent. The major decline through April was in shipments from Australia, 51 percent below that period last year. Imports from New Zealand and Canada remain larger than last year's levels.

Australian beef exports to the United States are far below last year but exports to Japan and South Korea have increased. Output of beef is down in Australia. Producers are retaining heifers to gradually increase herd size. Also, in the beginning of the year, wet weather impeded transport of cattle to slaughter. With the resulting increased prices at Australian saleyards, exports to the United States remain light.

U.S. imports from New Zealand remain high because dry weather continues to increase slaughter in that country. The United States is New Zealand's primary export market for beef, taking 76 percent last year. When moisture conditions improve in New Zealand, slaughter and exports are expected to decline. The New Zealand cattle inventory continues to decline because of the large number of cows slaughtered, the poor condition of the stock due to lack of feed supplies, and high interest rates.

Table 23--U.S. beef and veal trade, carcass weight 1/

Country or area	Annual 1988	January-April		
		1988	1989	Percent change
Million pounds				
Imports				
Australia	1,081.5	466.0	228.8	-50.9
New Zealand	641.0	252.2	288.8	14.5
Canada	172.0	60.2	76.0	26.3
Brazil	117.8	31.7	28.3	-10.7
Argentina	184.3	59.8	57.1	-4.5
Central America	177.2	52.7	45.9	-12.9
Other	32.0	9.8	8.2	-16.0
Total	2,405.8	932.4	733.2	-21.3
Exports				
Japan	503.5	140.7	211.1	50.0
Canada	52.6	14.7	27.4	86.2
Caribbean	22.9	7.4	5.3	-27.7
Other	111.0	25.6	49.6	94.3
Total	690.0	188.4	293.5	55.8

1/ Data may not add due to rounding. Percent change calculated from unrounded data.

U.S. Exports of Beef and Veal Increasing

Exports of beef and veal increased 56 percent during January-April 1989. Exports to Japan were up 57 percent and accounted for 72 percent of total U.S. beef and veal exports. In compliance with the U.S.-Japan Beef and Citrus Agreement, Japan is increasing imports by 60,000 metric tons (132 million lbs.) a year from all sources during a 3-year transition period covering Japan's fiscal years 1988-1990.

Although signed on July 5, 1988, the agreement was retroactive to the beginning of the Japanese fiscal year in April so that the first 4 months of 1988 reflect the lower quota levels. Therefore, the high year-over-year percentage increases for the first part of 1989 will not continue. Japan is also increasing imports of offal and skirt steak, which is not under the quota. When all beef is included it appears that the United States is increasing its share of the Japanese market to about 50 percent. Total U.S. exports of beef and veal for 1989 are forecast to rise by 16 percent.

Sheep and Lambs

Lamb and mutton production, year-to-date through May, was 2 percent above the same period of 1988 due to increased slaughter numbers as weights remained even with a year ago. Dry weather and higher feed costs have caused mature sheep slaughter, as a percent of total sheep slaughter, to increase to 5.8 for 1989 as compared to 5.3 for 1988. In May, the percent of mature sheep slaughter increased to 8.3 of total sheep and lamb slaughter. Dry weather in the Southwest, particularly in west Texas, has caused this increase. In May 1989, mature sheep slaughter in region 6 (Texas, Louisiana, Arkansas, Oklahoma, and New Mexico) was 9,600 head, compared to 6,500 head in May 1988. Continued dry weather in the Southwest could result in a lower sheep inventory on January 1, 1990, and reduce production for the year.

Lamb and mutton production for the second quarter of 1989 is expected to be about 82 million pounds, up about 3 percent from a year ago. Third-quarter production could remain near third-quarter 1988's 80 million pounds. Continued dryness in the Southwest may increase movement of ewe lambs and mature sheep, to slaughter. Fourth-quarter production should be around 83 million pounds, down slightly from 1988.

Lamb prices at San Angelo averaged around \$74.79 per cwt in the second quarter of 1989. Third and fourth-quarter prices are expected to average \$62 and \$61. The annual average should be \$64 to \$67, compared to \$68.26 in 1988. However, prices for the last three quarters of 1989 are expected to be above 1988 levels.

Poultry and Eggs

Broilers

Broiler Prices Rise

The average 12-city composite wholesale broiler price, which has been strong all year, averaged around 67 cents per pound during both June and the second quarter, about 11 cents above the same period of 1988. First-quarter prices averaged 59.4 cents, nearly 14 cents above the first quarter of 1988.

The price rise reflects nationwide promotions by several major fast food chains during the second quarter, as well as strong demand from other restaurant trade and retail outlets. The gain in broiler whole bird prices in part reflects strength in parts prices. Wholesale boneless breast prices in the Northeast, a barometer of demand for further processed chicken, have been strong all year. First and second quarter average prices were \$2.14 and \$2.71 per pound, nearly 37 and 38 cents above the same periods of 1988; however, breast prices behaved erratically during most of the second quarter. May's average price was \$2.84 per pound, compared with \$2.38 for last year, but daily prices ranged from \$2.64 to \$3.23. June 1989's average price was \$2.58, almost the same as a year before, but by late June prices had dropped sharply to \$2.07 per pound. Fluctuations in other wholesale parts prices have been less severe. Weakening breast meat prices probably results from increased production, as demand continues strong.

Wholesale prices for whole birds are expected to average between 63 and 67 cents per pound during the third quarter, as the demand for broilers remains strong. Higher prices could result if extremely hot and humid weather occurs in late summer and increases mortality or reduces rates of gain.

**Figure 5
Boneless Chicken Breast Prices
Northeast Wholesale**

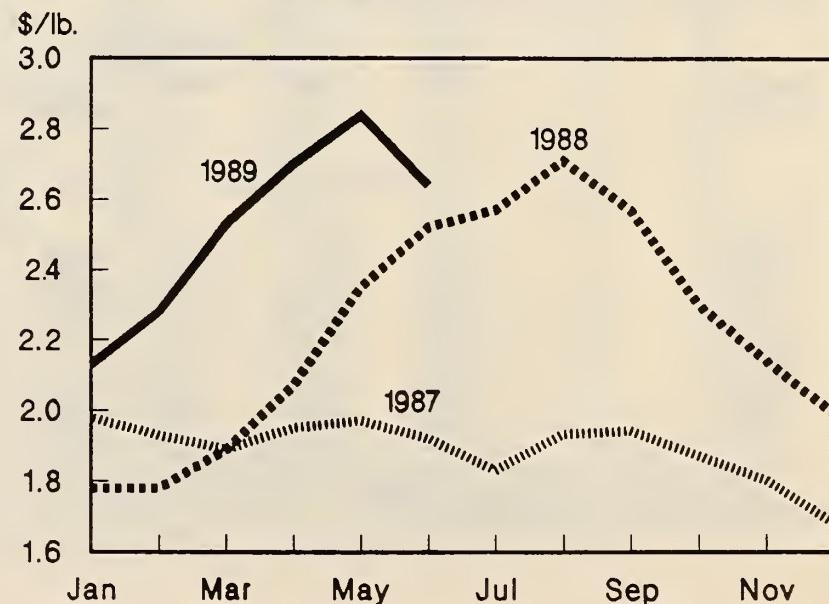


Table 24--Federally inspected young chicken slaughter, 1987-89

Year	Number	Average weight	Live-weight	Certi-
				RTC
	Million	Pounds	- Million pounds -	
1987:				
I	1,188	4.33	5,149	3,735
II	1,252	4.29	5,365	3,907
III	1,302	4.20	5,470	3,966
IV	1,230	4.35	5,355	3,895
Year	4,971	4.29	21,333	15,502
1988:				
I	1,267	4.35	5,511	3,996
II	1,303	4.30	5,611	4,079
III	1,316	4.19	5,530	4,035
IV	1,272	4.36	5,555	4,015
Year	5,159	4.30	22,208	16,124
1989:				
I	1,310	4.35	5,698	4,129

Fourth-quarter prices likely will decline seasonally, averaging in the low to mid-50 cent-per-pound range. The average price for 1989 is expected to be between 60 and 63 cents, compared with 56 cents in 1988.

Net Returns Strong

The broiler industry is expected to be profitable throughout 1989, even with large increases in production. This continues a trend in place since 1983. With the exception of a short period in late 1987 and early 1988, net returns to wholesale production have been positive each quarter since 1983. Net returns were 9 cents per pound higher in the first quarter of 1989, compared with breakeven for a year earlier. Second-quarter returns were estimated to be even higher, around 17 cents per pound, compared with 10 cents in the

Table 25--Broilers: Eggs set and chicks placed weekly in 15 commercial States, 1988-89 1/

Period 2/	Eggs set			Chicks placed				
	Month and day 2/	1988	1989	Change from previous year	1988	1989	Change from previous year	
		- - - Thousands - - -			Percent	- - - Thousands - - -		
January:								
7	120,343	123,924	3.0	97,828	96,455	-1.4		
14	119,110	120,196	0.9	96,217	98,766	2.6		
21	117,221	123,060	5.0	95,821	99,037	3.4		
28	116,189	124,909	7.5	95,485	98,472	3.1		
February:								
4	120,360	125,503	4.3	94,646	95,785	1.2		
11	121,008	126,105	4.2	92,688	97,428	5.1		
18	122,182	126,909	3.9	91,743	99,542	8.5		
25	123,274	127,505	3.4	95,904	101,011	5.3		
March:								
4	122,655	127,649	4.1	96,675	100,500	4.0		
11	122,548	128,064	4.5	98,042	100,464	2.5		
18	122,294	128,159	4.8	98,992	102,085	3.1		
25	120,499	127,530	5.8	98,633	102,691	4.1		
April:								
1	123,171	129,919	5.5	98,344	102,082	3.8		
8	121,617	130,910	7.6	99,206	101,730	2.5		
15	122,862	130,855	6.5	96,838	102,758	6.1		
22	121,565	131,202	7.9	98,733	103,511	4.8		
29	120,460	130,666	8.5	98,592	104,674	6.2		
May:								
6	121,812	130,518	7.2	99,303	105,459	6.2		
13	122,619	131,217	7.0	98,793	105,331	6.6		
20	122,293	132,663	8.5	96,985	105,140	8.4		
27	123,435	132,044	7.0	97,893	105,636	7.9		
June:								
3	123,014	133,164	8.3	98,610	105,667	7.2		
10	124,321	133,169	7.1	98,459	106,159	7.8		
17	123,365	132,761	7.6	99,710	105,478	5.8		
24	122,384	132,529	8.3	98,698	107,043	8.5		
July:								
1	114,282	123,627	8.2	100,225	106,540	6.3		

1/ 15 States: Ala., Ark., Calif., Del., Fla., Ga., Md., Miss., N.C., Pa., S.C., Tenn., Tex., Va., and W. Va. 2/ Weeks in 1989 and corresponding weeks in 1988.

Table 26--Broiler chicks hatched and pullet chicks placed in hatchery supply flocks, 1987-89

Month	Broiler-type chicks			Pullet chicks placed in broiler hatchery supply flocks			Cumulative placements 7-14 months earlier		
				Monthly placements					
	1987	1988	1989	1987	1988	1989	1987	1988	1989
Thousands									
January 439,442 468,333 481,284 4,077 3,389 3,820 29,039 33,028 31,691 February 405,252 432,813 442,816 3,699 4,038 3,963 29,427 33,254 31,539 March 456,081 483,353 502,466 4,111 4,538 4,396 29,523 32,805 31,470 April 455,679 464,386 493,503 4,713 3,831 4,195 29,722 32,185 32,043 May 473,827 487,027 522,890 4,055 4,197 4,439 30,148 32,612 32,136 June 461,421 473,782 4,181 3,818 30,242 32,264 31,194 July 463,321 473,394 3,995 3,611 30,603 31,668 31,513 August 455,676 479,734 3,974 4,048 30,742 31,002 31,136 September 433,769 455,183 3,457 3,962 30,926 30,859 31,281 October 441,893 456,819 4,126 4,131 31,365 31,402 32,066 November 423,147 437,967 3,763 3,596 32,232 31,259 32,213 December 469,720 488,248 4,117 4,150 32,693 31,999 32,690									

second quarter of 1988. These high returns reflect sharply higher wholesale broiler prices. Net returns for all of 1989 are likely to range from 7 to 10 cents per pound.

Broiler Expansion Continues

Extremely favorable returns are encouraging continued expansion in broiler production. Third-quarter production may rise about 8 percent above a year ago, following 3- and 7-percent increases in the first and second quarters. Production may be up about 7 percent in the fourth quarter, boosting total 1989 production 6 percent above 1988.

Expectations of growth throughout the year are supported by increases in both short-term and intermediate production indicators. Short-term indicators for third-quarter production include weekly egg sets and chick placements for May and June. Both of these indicators have been showing increases of 7 to 9 percent above last year, implying comparable production increases during the third quarter.

The hatching-egg supply flock on June 1 was almost 4 percent larger than a year earlier, which implies a 4- to-5-percent increase in broiler production is possible. However, estimates of last summer's hatching-egg flock indicated that underutilization of egg-laying capacity of 2 to 3 percent may have occurred. This means that more actual production expansion could occur beyond that implied by the year-to-year increase in flock size.

Longer Term Production To Grow

Long-term production indicators imply a rate of increase of around 7 percent in the fourth quarter of 1989. Broiler pullets placed in the broiler hatchery supply flock 7 to 14 months earlier indicate future broiler egg laying capacity. The pullets placed during May are assumed to be laying at full capacity by December. The estimate of the broiler hatchery supply flock for December is 2 percent higher than a year earlier, while the June estimate was 3 percent below.

Table 27--Estimated costs and returns, 1988-89 1/

Year	Production costs		Wholesale		Net returns
	Feed	Total	Total costs 2/	Price 3/	
Market eggs (cents/doz.)					
1988:					
I	26.1	44.3	64.8	57.1	-7.8
II	27.1	45.3	65.8	54.6	-11.2
III	34.1	52.3	72.8	73.6	0.7
IV	33.5	51.7	72.2	70.4	-1.8
Year 4/	30.2	48.4	68.9	63.9	-5.0
1989:					
I 5/	32.8	51.0	71.5	82.9	11.3
II					
III					
IV					
Year 4/					
Broilers (cents/lb.)					
1988:					
I	15.4	23.4	45.6	45.7	0.1
II	15.3	23.3	45.5	55.7	10.2
III	19.0	27.0	50.4	66.1	15.6
IV	19.7	27.7	51.4	57.2	5.8
Year 4/	17.3	25.3	48.2	56.2	8.0
1989:					
I 5/	19.1	27.1	50.5	59.5	8.9
II					
III					
IV					
Year 4/					
Turkeys (cents/lb.)					
1988:					
I	21.9	35.6	60.8	47.6	-13.2
II	22.0	35.7	60.9	51.4	-9.5
III	25.4	39.1	65.2	72.5	7.3
IV	28.6	42.3	69.2	73.0	3.8
Year 4/	24.7	38.4	64.3	61.8	-2.2
1989:					
I 5/	27.9	41.6	68.3	61.6	-6.7
II					
III					
IV					
Year 4/					

1/ Costs and prices are weighted by monthly production.

2/ Based on farm cost converted to wholesale market value.

3/ Wholesale prices used are the 12-metro area egg price, 12-city weighted average broiler price, and a weighted average of 8-16 lb. young hens and 14-22 lb. toms in Central, Western, and Eastern Regions. 4/ Weighted average.

Table 28--Young chicken prices and price spreads, 1986-89

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Avg.
Cents/lb.													
Farm price 1/:													
1986	30.6	29.2	29.7	29.5	32.2	35.4	42.7	43.9	36.5	39.3	34.9	30.4	34.5
1987	31.0	30.0	29.0	29.2	29.9	27.6	27.6	31.7	27.8	25.1	26.3	24.6	28.3
1988	27.1	25.7	27.5	28.0	33.5	36.7	42.1	41.9	39.2	37.5	35.0	35.5	34.1
1989	35.3	35.2	38.7	38.9	45.2								
Wholesale RTC 12-city avg. 2/:													
1986	51.7	49.0	50.3	50.0	54.6	58.3	69.1	69.7	61.0	61.6	57.5	50.0	56.9
1987	51.8	49.8	48.5	48.6	50.5	45.5	47.0	52.6	46.4	43.2	44.6	39.8	47.4
1988	43.9	44.9	48.1	48.7	56.6	61.5	66.5	68.9	62.8	57.7	57.1	58.8	56.3
1989	58.0	58.1	62.1	63.5	70.4								
U.S. avg. retail price:													
1986	76.6	77.1	76.7	75.2	76.9	79.5	88.9	95.8	91.0	90.0	87.8	86.5	83.5
1987	82.1	83.2	80.4	79.2	78.2	77.1	75.5	78.5	79.3	79.1	75.6	73.6	78.5
1988	74.0	74.5	75.3	76.0	79.6	86.8	93.7	96.1	97.5	93.2	89.2	88.5	85.4
1989	90.5	89.9	91.3	93.2	96.1								
Price spreads retail-to-cons.:													
1986	19.5	21.8	21.0	19.2	16.3	15.5	16.4	20.0	21.6	20.5	22.6	30.0	20.4
1987	24.3	26.8	25.2	25.3	21.2	18.7	21.2	20.2	33.1	30.2	25.2	26.1	24.8
1988	23.7	24.4	21.6	20.5	16.5	18.0	22.8	21.9	29.9	28.8	26.7	24.0	23.2
1989	27.3	28.6	24.9	29.4	20.2								
Retail pr. index wh. chickens:													
1986	105.0	105.6	106.0	103.9	106.1	109.8	121.9	132.3	125.5	124.9	123.0	121.0	115.4
1987	119.5	118.7	115.2	113.1	112.9	111.6	109.9	113.9	114.6	113.0	109.2	107.7	113.3
1988	107.9	109.5	110.3	111.6	117.4	125.9	137.4	140.1	142.0	136.0	131.7	131.0	125.1
1989	133.7	133.2	135.6	138.0	142.9								

1982-84 = 100

1/ Liveweight. 2/ 12-city composite weighted average.

Turkeys

Production Growth Resumes

Turkey producers achieved a turnaround beginning with May of this year, after having had year-to-year declines of about 4 percent since the third quarter of 1988. Second-quarter output was around 2 percent above second-quarter 1988. Producers' reaction to relatively heavy losses early in 1988 slowed production for nearly a year. Sustained price increases from January through June 1989, coupled with lower feed costs and an accompanying return to profitability, will likely result in larger increases in production during the months ahead.

Placements in March and April were up 7 percent, and in May were 12 percent above those of a year earlier (see accompanying table). These were the largest year-to-year increases since February 1988 and reflected the industry's return to profitability in May. Poult placements are an indicator of production in about 5 months.

In the third quarter, production is expected to increase 5 to 6 percent above a year earlier, and in the fourth quarter 9 to 11 percent above 1988. Total production for 1989 is estimated to exceed that of last year by about 4 percent.

Per Capita Consumption Unchanged in First Half of 1989

Despite lower production, per capita consumption during the first half held steady compared with a year earlier. Consumption per capita during the third quarter is expected to be near the 1988 level before increasing during the fourth quarter. In fourth quarter 1988, consumption had shown a drop for the first time since 1984. Turkey consumption for the year is expected to increase 0.3 pounds, to around 16.3 pounds per person.

First Half Prices up Sharply from a Year Ago

Turkey prices have rebounded sharply from 1988 levels. During the first half of 1988, they were the lowest since 1976. The predictable drop in production occurred and first-half prices of 1989 were the highest since 1985. The young hen turkey wholesale price in the eastern region averaged a record high 71 cents per pound in the second quarter, 20 cents over a year earlier. Prices for young toms also reached a record high, averaging 72 cents for the second quarter, up about 21 cents from a year earlier.

Turkey prices increased steadily during the first half of 1989, but weakened in early July as some buyers reduced purchases due to expectations of large production increases dur-

Table 29--Federally inspected turkey slaughter, 1987-89

Year	Number	Average weight	Live-weight	Certi-fied RTC
	Million	Pounds	- Million pounds -	
1987				
I	40.9	20.7	846.7	670.1
II	55.4	19.7	1,090.8	864.9
III	69.9	19.9	1,390.7	1,100.1
IV	64.8	21.1	1,365.5	1,081.9
Year	231.1	20.3	4,693.7	3,717.1
1988				
I	50.3	21.0	1,054.0	836.6
II	60.0	20.6	1,236.3	981.1
III	65.7	20.4	1,343.3	1,065.6
IV	61.4	21.4	1,314.2	1,040.1
Year	237.4	20.8	4,947.7	3,923.4
1989				
I	47.9	21.2	1,012.0	803.5

ing the second half. Hen turkey prices could average 68 to 71 cents for the year, compared with 61.3 cents during 1988, but price movements in the second half will depend on when buyers increase purchasing for fourth-quarter needs.

Retail prices for whole frozen turkey, as reported by the Bureau of Labor Statistics, rose less than most poultry products this year. In May, turkeys averaged \$1.00 per pound, up nearly 8 percent from a year ago. In contrast, chicken legs were nearly 20 percent higher at \$1.26 a pound. Net returns at the wholesale level could average 4 to 6 cents per pound during 1989. These would be the highest returns since 1986, and contrast to losses averaging over 2 cents per pound during 1988.

Eggs

Egg Production Down

Total production in 1989 is expected to fall about 2 percent, reflecting a decrease in table eggs of 4 percent and an increase of hatching eggs of about 4 percent. Production during the first 5 months of 1989 was about 5 percent below a year earlier. Total egg production in May declined over 3 percent from a year earlier, while hatching eggs increased 4 percent. The number produced per 100 layers of all types was unchanged on June 1, compared with a year ago. However, table egg production per hen increased 1 percent, while production from hatching-type hens dropped 2 percent. While the total flock size on June 1 was down about 2 percent, the hatching egg flock increased almost 4 percent and the table egg flock was down almost 3 percent. Lower table

Table 30--Turkey hatchery operations, 1986-89 1/

	Total turkeys placed 2/		Eggs in incubators first of month, changes from previous year			
	1986-87	1987-88 3/	1988-89	1986-87	1987-88	1988-89
- - Thousands - -						- - Percent - -
Sept.	13,620	15,024	15,725	18	16	7
Oct.	14,135	16,743	16,821	17	18	5
Nov.	13,836	17,714	18,413	11	21	4
Dec.	17,705	19,956	20,444	18	15	6
Jan.	21,646	22,315	23,149	27	10	4
Feb.	21,265	23,100	23,675	14	8	6
Mar.	25,401	25,101	26,892	19	4	5
Apr.	26,703	24,718	26,366	17	-1	6
May	26,623	25,559	28,647	16	-5	9
June	27,265	26,075	15	-3	13	
July	25,999	23,677	19	-5		
Aug.	19,889	19,458	22	-5		

1/ Breakdown by breed not shown to avoid disclosing individual operations. 2/ Excludes exported poulets. 3/ Includes revised calendar year 1987 numbers.

Table 31--Turkey prices and price spreads, 1986-89

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
Cents/lb.													
Farm price 1/:													
1986	35.6	36.3	36.9	38.1	40.9	45.9	49.3	50.9	51.4	53.0	51.5	43.0	44.4
1987	35.1	35.8	35.7	36.3	35.5	34.1	33.5	32.1	31.3	30.2	34.0	38.4	34.3
1988	31.8	29.0	28.2	28.4	29.7	31.6	39.4	41.6	45.7	47.8	47.6	37.6	36.5
1989	35.4	38.3	40.0	42.3	43.4								
New York, hens, 8-16 lbs 2/:													
1986	60.3	61.7	63.9	64.6	67.1	73.8	77.9	80.5	81.2	83.2	80.7	71.1	72.2
1987	55.3	58.5	60.3	58.3	55.3	55.7	56.3	56.1	56.1	54.7	60.7	66.5	57.8
1988	52.8	47.1	47.0	46.9	49.2	57.1	70.8	70.5	76.0	79.6	76.0	61.6	61.2
1989	59.0	62.2	65.7	68.3	72.1								
4-region average retail price, wholebirds:													
1986	106.3	107.8	104.8	104.2	103.4	102.3	105.6	109.5	111.9	112.9	108.1	102.1	106.6
1987	103.6	103.2	103.0	100.4	102.8	105.1	105.8	105.1	103.3	102.6	90.0	89.3	101.2
1988	93.1	92.9	91.0	89.4	92.9	92.9	96.0	99.5	100.6	104.0	99.2	97.1	95.7
1989	97.4	96.8	97.6	98.3	100.1								
Price spreads, retail-to-consumer:													
1986	33.7	36.7	32.5	31.3	27.1	19.0	19.3	19.5	21.7	20.2	16.2	21.8	24.9
1987	39.8	37.4	35.4	33.4	37.3	40.1	41.1	41.8	39.0	38.3	22.0	13.5	34.9
1988	29.8	35.0	33.4	33.0	35.1	24.6	23.7	21.0	17.3	16.5	14.7	26.7	25.9
1989	29.8	29.9	25.7	23.2	20.7								
1982-84 = 100													
Consumer pr. index 3/:													
1986	111.6	112.5	111.1	109.7	110.5	109.8	110.9	111.7	114.5	117.1	113.9	112.3	112.1
1987	113.3	111.6	112.0	109.6	111.6	111.8	112.1	111.6	109.4	109.2	103.5	103.9	110.0
1988	107.7	107.2	107.2	107.5	108.3	109.3	109.8	112.4	114.2	115.5	113.1	113.3	110.5
1989	114.2	116.3	118.7	121.5	123.2								

1/ Liveweight. 2/ Wholesale, ready-to-cook. 3/ Other poultry CPI.

egg production in the third quarter may hold total egg output to about 1 percent below 1988 levels. By the fourth quarter, total egg production may increase, reflecting a rebuilding in the table egg flock plus year-over-year increases in the supply of hatching eggs.

Price Increase Expected To Continue

Prices of wholesale Grade A large eggs in New York averaged 78.6 cents per dozen for first-quarter 1989, and 75 cents for the second quarter, both up sharply from a year ago. Prices have held in the mid-70-cents-per-dozen range since mid-May, and are likely to remain there for the sum-

mer, reflecting some stabilization in both the supply and demand for table eggs. As egg production approaches last year's level this fall, prices may slip into the low 70's but are still expected to be above last year's levels.

Positive Net Returns Continue

Egg producers are experiencing positive net returns, which are expected to continue for the remainder of 1989. Estimated net returns were 8 cents per dozen in the first half, with especially high returns of 24 cents for March. Net returns are likely to average 3 to 4 cents per dozen for 1989.

Table 32--Layers on farms and eggs produced, 1988-89 1/

Quar- ters	Number of layers		Eggs per layer		Eggs produced	
	1988	1989 2/	1988	1989 2/	1988	1989 2/
- Million -						
I	285	271	62.2	61.5	1,477.6	1,393.2
II	277	267	63.4	61.5	1,467.1	
III	271		62.9		1,419.7	
IV	275		62.2		1,425.6	
Annual	277		250.7		5,789.7	

1/ Marketing year beginning December 1. 2/
Preliminary.

Table 33--Force moltings and light-type hen slaughter, 1987-89

Month	Force molted layers						Light-type hens slaughtered under Federal inspection 1/ (Number)		
	Being molted			Molt completed			1987	1988	1989
	1987 2/	1988 2/	1989 3/	1987 2/	1988 2/	1989 3/			
- Percent -									
January	4.2	3.8	4.0	20.9	20.8	23.3	13,002	13,574	12,136
February	4.6	5.0	4.9	19.1	20.3	21.5	13,342	14,647	11,908
March	3.8	3.7	4.3	20.1	20.5	21.7	13,450	15,312	13,645
April	2.8	3.9	3.9	19.6	19.3	21.5	14,428	15,034	10,324
May	5.4	5.9	5.3	18.8	18.6	21.4	12,870	14,115	
June	6.4	7.6	5.6	18.5	19.9	21.7	13,791	13,158	
July	4.7	6.1		20.5	21.2		12,364	8,601	
August	4.9	4.7		21.0	22.1		12,496	10,555	
September	5.3	4.3		21.7	22.4		10,813	9,119	
October	4.9	4.5		21.3	22.3		12,037	10,426	
November	4.2	3.9		21.4	22.6		11,389	11,374	
December	3.4	3.5		22.4	24.1		15,938	13,694	

1/ Revisions include data from late reports or other corrections developed by the Food Safety and Inspection Service. 2/ Percent of hens and pullets of laying age in 15 selected States. 3/ Percent of hens and pullets of laying age in 20 selected states.

Table 34--Egg-type chick hatchery operations, 1987-1989

Month	Hatch			Eggs in incubators first of month, changes from previous year		
	1987	1988	1989	1987	1988	1989
	Thousands			Percent		
Jan.	34,156	29,274	26,614	5	-4	-20
Feb.	35,815	28,433	27,191	4	-24	2
Mar.	41,708	35,615	32,723	5	-17	-15
Apr.	42,356	34,749	35,942	-2	-17	2
May	40,858	35,984	38,254	1	-16	5
June	37,256	33,049		1	-7	-2
July	33,375	24,876		-4	-23	
Aug.	34,667	27,838		8	-24	
Sept.	31,800	30,918		4	-10	
Oct.	33,959	31,007		9	-13	
Nov.	30,593	29,425		10	1	
Dec.	31,242	27,181		-7	-11	

Table 35--Egg prices and price spreads, 1986-89

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Avg.
Cents/doz.													
Farm price 1/:													
1986	58.3	54.0	61.4	49.2	48.8	42.1	51.9	55.3	55.4	50.3	60.0	57.9	53.7
1987	51.7	50.1	46.0	45.8	39.5	40.3	40.8	40.5	49.7	40.9	45.4	38.8	44.1
1988	39.7	37.6	41.2	36.0	32.9	36.5	49.4	50.4	56.4	51.0	51.9	52.4	44.6
1989	56.2	53.7	74.5	58.1	54.3								
New York (cartoned)													
Grade A, large 2/:													
1986	73.3	68.3	80.8	65.7	65.2	59.2	73.0	72.8	72.6	69.6	77.2	75.5	71.1
1987	67.1	65.2	62.0	62.4	55.6	58.7	59.1	63.2	68.3	60.2	60.5	56.9	61.6
1988	55.9	52.7	56.4	52.1	50.9	56.8	73.6	69.5	75.6	66.0	65.3	70.4	62.1
1989	72.0	74.9	92.7	76.6	73.7								
4-Region average, Grade A, large retail price													
1986	90.1	86.6	88.7	89.0	82.0	79.5	83.3	91.3	86.8	85.5	89.7	91.0	87.0
1987	86.2	82.3	80.0	78.6	76.3	71.1	76.3	73.0	83.7	77.8	80.5	73.1	78.3
1988	76.0	71.8	74.0	71.9	67.8	70.5	80.3	90.9	87.4	89.6	83.9	83.3	79.0
1989	94.1	89.0	103.1	99.7	95.6								
Price spreads, retail-to-consumer:													
1986	14.9	17.2	10.0	21.9	16.8	20.5	12.1	18.8	14.3	15.4	11.7	14.4	15.7
1987	17.4	14.5	16.5	15.3	20.8	12.7	16.4	15.7	13.6	18.4	18.4	15.4	16.3
1988	19.0	18.2	14.9	20.0	16.5	13.0	7.0	20.5	11.2	22.0	16.0	10.1	15.7
1989	18.2	18.6	10.2	23.1	21.2								
1982-84 = 100													
Consumer pr. index:													
1986	101.5	97.4	99.6	98.5	90.7	87.1	91.4	100.7	97.1	97.2	102.2	103.7	97.3
1987	100.8	97.8	93.9	91.1	88.5	84.1	87.8	85.8	97.6	91.4	93.9	85.5	91.5
1988	90.1	85.5	87.9	85.0	81.8	83.6	95.1	104.2	103.1	105.5	101.2	99.6	93.6
1989	112.0	106.1	122.9	117.6	112.6								

1/ Market (table) eggs including eggs sold retail by the producer; data not available prior to 1982. 2/ Price to volume buyers.

Table 36--Shell eggs broken and egg products produced under Federal inspection, 1987-89

Period	Egg products produced 1/			
	Shell eggs broken	Liquid 2/	Frozen	Dried
	Thou. doz.	Thou. lbs.	Thou. lbs.	Thou. lbs.
1988:				
January	74,629	24,055	26,050	8,973
February	75,240	24,470	26,412	8,649
March	81,978	27,153	28,412	7,712
April	78,725	26,516	28,209	9,487
May	88,485	29,635	33,072	10,226
June	93,003	30,076	37,251	9,034
July	80,170	25,572	30,347	7,903
August	90,302	30,412	31,675	9,178
September	79,125	27,888	30,565	7,327
October	79,071	27,803	30,198	7,589
November	80,261	28,622	31,507	8,455
December	75,407	26,566	34,113	8,198
Jan.-Dec.	976,395	328,768	367,811	102,731
1989:				
January	79,780	28,584	29,255	10,208
February	69,829	26,991	25,612	9,392
March	69,998	31,581	25,136	7,764
April	76,547	29,355	29,153	8,865
May	91,063	32,678	34,600	10,091

1/ Includes ingredients added. All expressed in liquid egg equivalent. 2/ Liquid egg products produced for immediate consumption.

U.S. Poultry Trade

Broiler Exports Growing Rapidly

Broiler exports have reached a new high each month since November 1988. Exports for January through April of this year totaled 294 million pounds, about 30 percent above a year earlier. Exports were equal to nearly 5 percent of broiler production during January-April, compared to 4.2 percent last year.

Sales to Japan increased by more than 60 percent, a 37-percent share of the total. Other Pacific countries, mainly Hong Kong and Singapore, received over 28 percent of the exports. Mexico, Canada, and the Caribbean countries, especially Jamaica, took 18 percent.

Last year, Egypt and Iraq were large buyers under the Export Enhancement Program (EEP), taking about 11 percent of the exports through April. This year, only the Canary Islands of Spain was an EEP market among the top buyers. With the exception of Egypt and Iraq, the 10 top markets this year were the same as a year ago.

Outlook

At the current rate, 1989 broiler exports will easily surpass last year's record of 765 million pounds and are estimated to be around 825 million pounds.

Exports are expected to continue strong to the Pacific Rim countries, especially if expanding U.S. production brings prices down, as expected. However, Thailand could offer increased competition with substantial new facilities beginning production. The Hong Kong market presents increased uncertainty, given its trade and relations with China. Prospects are that chicken meat exports to Mexico will continue, but likely at a lower level as a result of a proposed 20-percent import tax designed to give some protection to Mexican producers. Caribbean imports could slow if Jamaica's domestic industry shows further recovery from last year's hurricane. Canada's global import quota for chicken meat has been increased under the Free Trade Agreement (FTA) and U.S. exports are increasing.

The U.S. export outlook is not so bright in some markets. Iraq continues to seek highly subsidized chicken and Egypt continues to restrict imports as part of a capital preserving effort. In 1988, the U.S. lost shares to the EC in Egypt, and to Brazil in the Saudi Arabian market. Future EEP policy will play a role in determining U.S. competition with EC subsidies. In mid-June, EC export subsidies on poultry were generally reduced.

Table 37--U.S. broiler exports to major importers, January-April 1988-1989

Country or area	1988	1989
1,000 lb.		
Japan	67,883	110,323
Hong Kong	34,792	56,019
Mexico	12,514	27,829
Singapore	21,170	23,738
Jamaica	15,503	20,607
Canada	11,839	14,017
French Polynesia	2,848	3,967
Netherlands Antilles	3,989	3,777
Antigua	1,799	2,658
Spain	3,976	2,606
St. Lucia	2,614	2,470
St. Vincent	936	2,309
Other	45,581	24,081
Grand Total	225,444	294,401

Table 38--U.S. mature chicken exports to major importers, January-April 1988-1989

Country or area	1988	1989
1,000 lb.		
Mexico	178	1,452
Netherlands Antilles	132	1,311
St. Lucia	0	851
Canada	596	514
St. Christ-Nevis	0	337
Antigua	22	306
Jamaica	286	279
Grenada	48	276
Dominica	0	256
Aruba	40	187
Japan	2,144	179
Other	3,200	763
Grand Total	6,646	6,711

Table 39--U.S. turkey exports to major importers, January-April 1988-1989

Country or area	1988	1989
	1,000 lb.	
Mexico	628	3,177
Canada	973	1,063
Western Samoa	430	829
Hong Kong	817	822
Ivory Coast	298	699
Micronesia	220	556
Japan	1,029	428
France	0	319
Marshall Islands	301	298
Netherlands	92	214
West Germany	2,993	199
Other	8,751	1,763
Grand Total	16,532	10,367

Table 40--U.S. egg exports to major importers, January-April, 1988-1989 1/

Country or area	1988	1989
	1,000 dozen	
Japan	19,505	14,671
Canada	4,378	3,465
Hong Kong	4,500	2,829
Iraq	6,308	2,235
Mexico	1,433	1,607
Jamaica	757	1,264
Haiti	265	748
Federal Rep of Germany	1,190	665
United Kingdom	520	640
Israel	105	411
Other	6,415	2,903
Grand Total	45,376	31,438

1/ Shell, and shell equivalent of egg products.

Turkey Exports Decline

Turkey exports for January through April 1989 were down about 35 percent from a year earlier. Mexico and Canada accounted for 40 percent of the exports and are expected to continue strong. Turkey production has declined in Mexico, and the Canadian global import quota has been increased substantially under the FTA.

West Germany, Taiwan, and Egypt were large buyers last year but have purchased little or nothing so far this year. The EC has imposed stricter seasoning requirements on tur-

key imported by West Germany. Taiwan has imposed new microbe-testing requirements and more sensitive residue sampling procedures on imports. Egypt last fall increased restrictions on turkey imports.

For 1989, turkey exports are expected to be down about 30 percent from last year's relatively high 51 million pounds.

Egg Exports Lower

Total U.S. egg exports, at 31 million dozen for January through April, were 30 percent below the same period a year earlier. Value was down about 22 percent to \$28 million, which reflects higher U.S. prices. Exports were down to Japan and other leading buyers, except Mexico and the Caribbean. While absolute levels of exports to Japan were down, its 47-percent share was higher than the 42 percent of last year.

Egg exports consisted of egg products (60 percent), hatching eggs (24 percent), and table eggs (16 percent). Most of Japan's egg purchases were products, which represented almost 80 percent of total U.S. egg product exports. Mexico was next with 6 percent. Nearly two-thirds of the hatching egg exports went to Canada and Iraq.

Table egg exports were down over 50 percent due mainly to the completion of EEP sales to Iraq and reduced EEP sales to Hong Kong and the United Arab Emirates. Even with the reduction, Hong Kong took 50 percent of the table egg exports. Sales were up to the Caribbean and Mexico.

For 1989, overall egg exports are expected to decrease about 30 percent from last year's relatively high 142 million dozen. Canada has placed an import quota on broiler hatching eggs. The U.S. has been virtually the sole supplier to Canada. Also, exports to Mexico will likely decline because of an expected 20-percent import tax. Higher U.S. egg prices are restraining exports, while imports have increased from the very low levels of 1988. Finally, export programs will again have an impact on the egg export outcome for 1989.

Trends in World Pork Production and Trade

by

Shayle D. Shagam¹

Abstract: As the second largest producing country and the largest importer, the United States is a major player in world pork markets. The majority of the world's pork is produced by a few countries or economic regions. International trade tends to be small relative to world production, but is limited to several large traders.

Keywords: Pork, meat, pork production, imports, exports.

Worldwide, people eat more pork than any other red meat.² Total production is forecast to be 60.1 million metric tons² in 1989, compared with 39 million in 1975. According to Foreign Agricultural Service (FAS) measurements, world pork production increased at an average annual rate of about 4 percent between 1975 and 1983. However, it was about 3 percent between 1983 and 1988 because of declines in the United States and slow growth in Western Europe. Five regions, the People's Republic of China (PRC), the European Community (EC), Eastern Europe, the United States, and the Soviet Union, produced over 85 percent of the world's pork (figure A-1) in 1988. About 60 percent of the total was produced by five single countries: China, the United States, the Soviet Union, West Germany, and Poland.

International trade in pork tends to be low relative to total production and has remained fairly constant since the beginning of the 1980's. FAS data indicate that just over 6 percent of the pork produced within the past 5 years was traded.

In 1988, estimated imports were 3.8 million metric tons. Between 1975 and 1983, trade in pork increased at an average annual rate of almost 6 percent. However, between 1983 and 1988 it was almost 7 percent as a result of more imports by the United States, Japan, and the Soviet Union.

Five countries or regions are responsible for 95 percent of total imports. In 1988, about 55 percent of all pork trade occurred within the EC. Excluding intra-EC trade, the United States, Japan, and the EC were responsible for almost two-thirds of pork imports (figure A-2). An additional one-fifth of nonintra-EC imports were absorbed by the Soviet Union. Imports as a share of consumption ranged from 36 percent for Great Britain to 5 percent for the Soviet Union in 1988.

The top five exporters are responsible for 91 percent of world exports. In 1988, exports from Canada and the EC were estimated to represent one-third of the total. The majority of the remaining exports came from the Centrally Planned Economies. Eastern European pork exports represented approximately 38 percent of nonintra-EC exports, China was responsible for another 10 percent, and Taiwan's trade with Japan accounted for just over 10 percent (figure A-3). Export shares of production for 1988 ranged from 71 percent for Denmark to 1 percent for China.

People's Republic of China

China is the largest pork producer, accounting for almost one-third of the world's total in 1988. Production has almost doubled since 1975. As a result of economic reforms and a policy encouraging upgraded diets, pork production has increased almost 7 percent per year since 1983. Preliminary estimates for 1988 indicate that it was approximately 18.2 million metric tons, almost all consumed domestically. Production for 1989 will be about the same as producers rebuild herds in response to higher pork prices and lower feed costs.

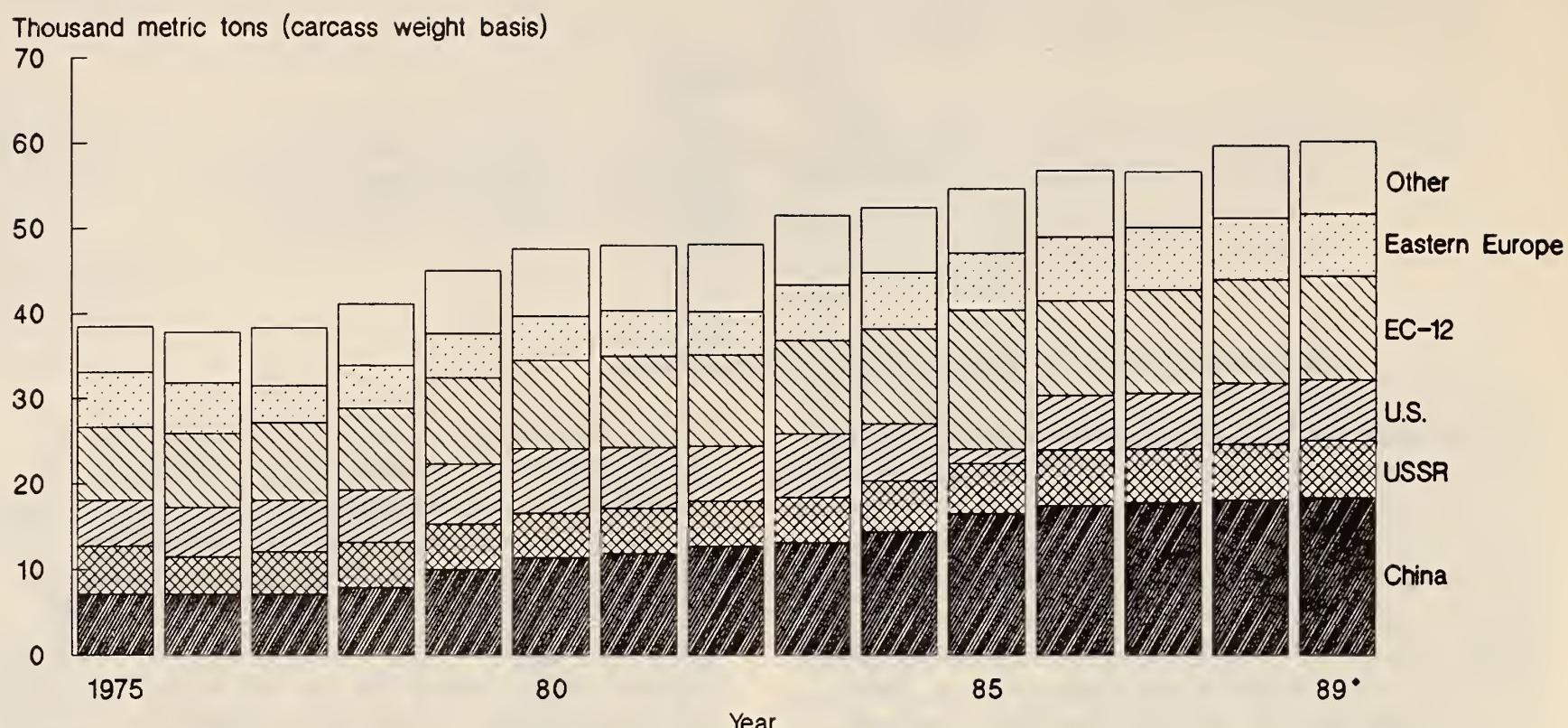
However, despite the rapid increase in production, China's large population has kept per capita pork consumption rather low. It increased from 12.7 kilograms per capita in 1983 to approximately 17 kilograms in 1986, where it will remain through the end of the 1980's.

China exports live hogs and pork to Hong Kong and frozen pork to Eastern Europe and the Soviet Union. Pork exports increased by approximately 10 percent per year between 1975 and 1985, but declined 4 percent in 1986 and 27 percent in 1987 as domestic consumption increased. As a result, China has slipped from the third to the fourth largest pork exporter. Exports for 1988 were likely up slightly to 205,000 metric tons and may increase slightly in 1989.

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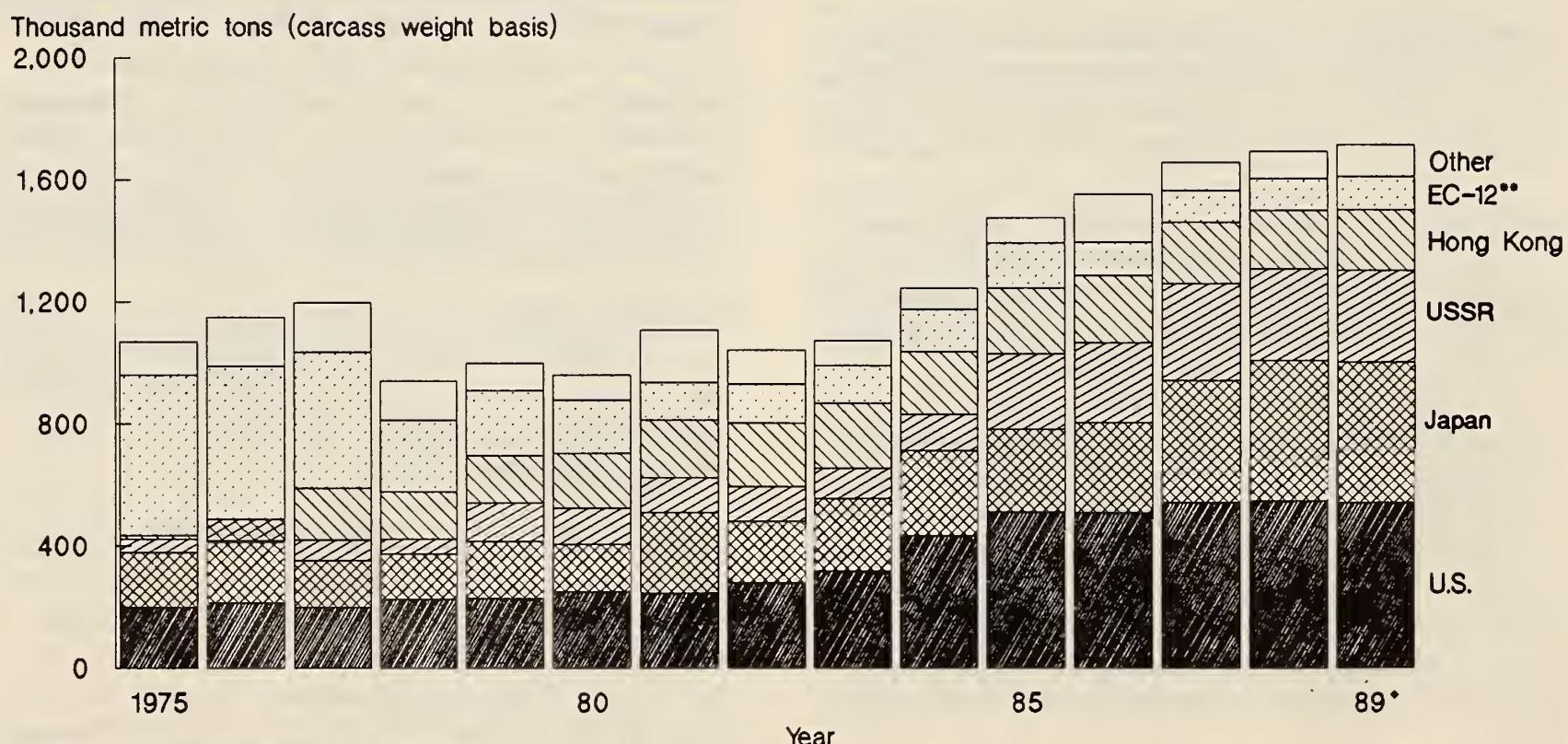
² Carcass weight equivalent (CWE).

Figure A-1
World Pork Production



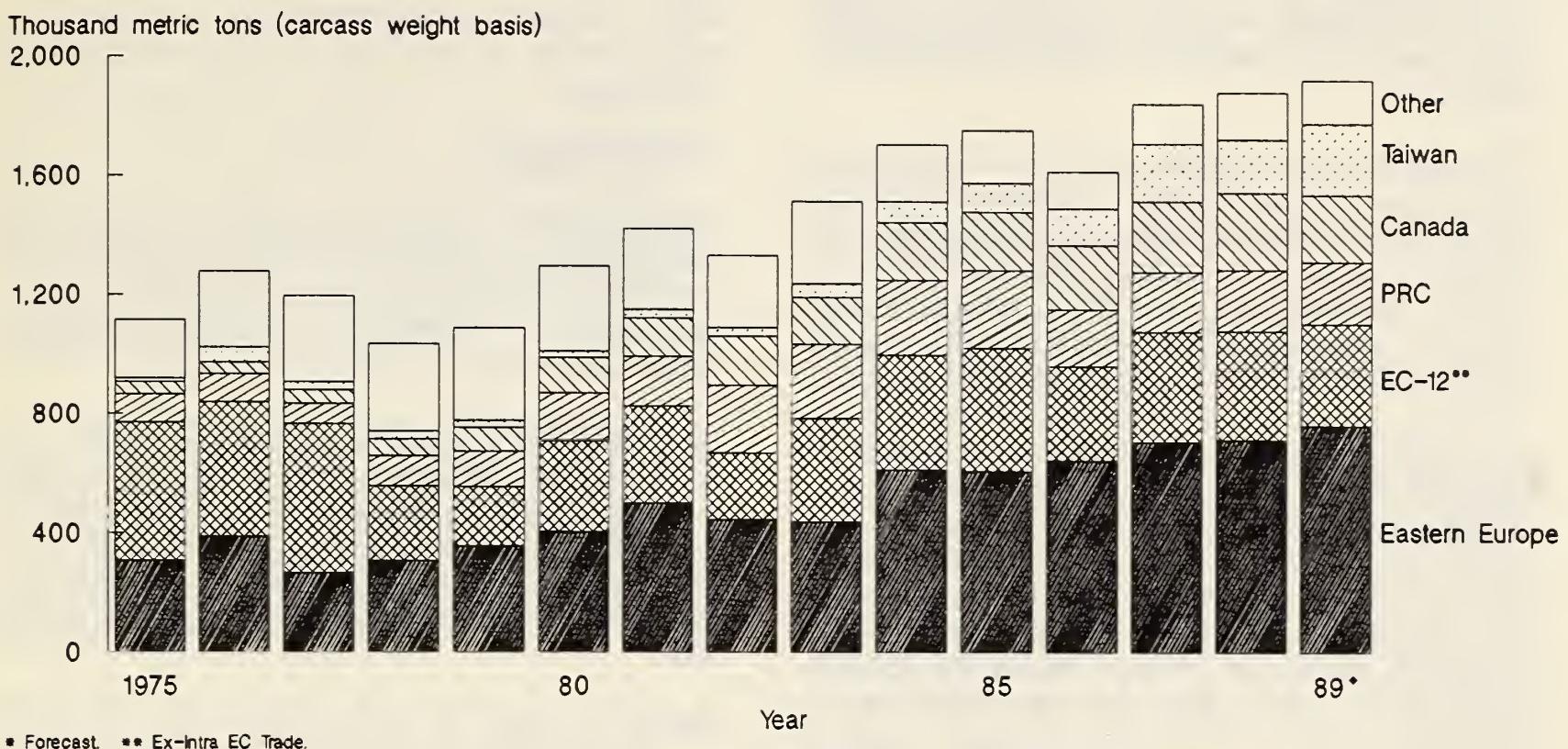
* Forecast. Source: FAS.

Figure A-2
World Pork Imports



* Forecast. ** Ex-Intra EC Trade.

Figure A-3
World Pork Exports



* Forecast. ** Ex-Intra EC Trade.

Eastern Europe

Almost half of Eastern European pork is produced in Poland and East Germany. As a result of economic stagnation in Poland and only very moderate growth in other Eastern European countries, production remained fairly constant between 1975 and 1988. In 1988, it equaled 7.2 million metric tons and is expected to remain about the same for 1989.

At 44 kilograms, per capita pork consumption in Eastern Europe is the highest in the world.³ It remains the favored meat although there has been a slight shift towards beef and poultry. Generally, Eastern European governments pursue various policies of self-sufficiency, depending upon political and economic considerations. To gain additional foreign exchange, Poland and Yugoslavia export higher-value canned hams to the United States and the EC, while Hungary exports pork loins to the EC, primarily West Germany. These exports have been offset by imports of lower quality pork from China. Czechoslovakia and East Germany place considerable emphasis on maintaining self-sufficiency and less on exporting. East Germany exports any surplus production to West Germany because of the unique social and political ties between the two countries. In addition, the Soviet Union has steadily increased its imports of pork from Eastern Europe.

Eastern Europe is the world's largest pork exporter. Exports have almost doubled since 1975 and have increased at an annual average of just over 5 percent for the past 5 years. In 1988, Eastern Europe exported 716,000 metric tons and is expected to increase slightly in 1989.

The European Community

As a region, the European Community is the third largest producer of pork. Between 1975 and 1983, output expanded at approximately 3.5 percent per year. The rate of growth in production for the two largest exporters, Denmark and the Netherlands, averaged 3 and 6 percent annually for the past 5 years. Meanwhile the EC's two largest producers, West Germany and France, have either held steady or had production declines. As a result, the rate of growth for the entire region between 1983 and 1988 was less than 2 percent. In 1988, 12.1 million tons of pork were produced in the EC.

As a whole, the EC has tended to be self-sufficient in pork production since the early 1970's, but with purchases of 103,000 metric tons from third countries in 1988, was the fifth largest importer. Imports from countries outside the EC are slightly more than 5 percent of the total and approximately 1 percent of pork consumption. The majority of these imports are from Eastern Europe, but some comes from other Western European sources and a small amount is imported from the United States. Pork imports from outside the EC declined by slightly more than 11 percent per year between 1975 and 1987 and, despite a slight uptrend in 1984 and 1985, were 103,000 metric tons in 1988, compared with 470,000 in 1975.

³ Eastern European consumption data includes untrimmed fat.

Within the EC there is considerable trade in pork. Approximately 16 percent of total EC production is traded among member countries. Pork tends to move from highly efficient producers in Denmark, Belgium, and the Netherlands to less efficient producing nations such as France, West Germany, and Italy.

Within the EC, trade in hogs and pigs is equal to approximately 4 percent of total slaughter. This trade primarily consists of feeder pigs which are raised in the Netherlands and West Germany and shipped to France, Italy, and Belgium for finishing. There is also some trade in fattened hogs. Denmark, which is foot-and-mouth disease (FMD) free, does not import live animals from countries where FMD is endemic.

Exports from the EC are approximately 3 percent of total production. Denmark is the single largest exporter to non-EC countries, accounting for 85 percent. With its FMD-free status, Denmark ships primarily to the United States (canned hams and fresh, chilled, and frozen pork) and to Japan (primarily frozen cuts). Pork trade with non-EC countries declined slightly between 1975 and 1988. In 1988, 363,000 metric tons were exported, down from 454,000 in 1975. Japan now exceeds the United States as Denmark's largest export market.

The United States

On an individual country basis, the United States is the second largest pork producer, but falls to fourth when compared to the EC and Eastern Europe. Between 1975 and 1980, production increased annually at just over 8 percent, reaching it historical high of slightly more than 7.5 million metric tons in 1980. Production generally declined through the mid-1980's, bottoming at 6.4 million metric tons in 1986 due to poor producer returns. Production increased in 1987 and reached over 7.1 million metric tons in 1988.

The United States is the world's largest importer of pork, with imports 3.7 percent of total consumption in 1975 and 7 percent in 1988. The majority of growth has occurred since 1980. Approximately 515,000 metric tons were imported in 1988, almost 45 percent from Canada, 29 percent from Denmark, and 11 percent from Poland. Historically, the United States has also imported about 1 percent of hogs slaughtered from Canada, although this number declined following the imposition of a countervailing duty in 1985. Hog imports will fluctuate depending upon relative conditions in the two markets.

The United States is the sixth largest exporter of pork, shipping 88,000 metric tons or about 1 percent of production in 1988. Pork exports have declined from a high of 143,000 metric tons in 1976 because of increased pressure from Denmark and Taiwan in the Japanese market and reduced Mexican imports. However, exports to Japan, the largest single market for U.S. pork, increased in 1988 and are expected to

remain relatively strong in 1989. The continuing strength of the U.S. dollar against the yen could limit U.S. exports to Japan. Exports to Mexico grew substantially in 1988 due to Mexican attempts to stabilize food prices. How long increased levels will continue depends upon political considerations there.

The Soviet Union

The Soviet Union has the third largest hog inventory but due to low animal productivity is the fifth largest producer of pork. Production in the Soviet Union remained fairly constant between 1975 and 1988 and has fluctuated between 5.8 and 6.5 million metric tons in the past 5 years.

The Soviet Union is the third largest importer of pork, mostly from Eastern Europe and a small amount from China. After a period of steady imports in the early 1980's, purchases from Eastern Europe more than doubled in 1985 to 246,000 metric tons. These higher imports have continued and imports from all sources equaled 300,000 metric tons in 1988.

Japan

Japan is the sixth largest pork producer and the second largest importer. Production increased at an average annual rate of 4 percent between 1975 and 1983. However, in the past 5 years it has been only 2.6 percent. Japanese pork production is expected to equal 1.6 million metric tons in 1989, virtually unchanged from year-ago levels.

Pork is an integral part of the Japanese diet; however, domestic production has failed to keep pace with demand and Japan has turned to the world market for an increasing share of its needs. Currently, imports supply approximately 20 percent of consumption.

Imports in 1989 are forecast to increase to 480,000 metric tons from last year's 460,000. The Japanese market requires specific cuts of very high quality pork for which importers will often pay a premium. Both Denmark and Taiwan produce a product specifically for the Japanese market. In addition, Taiwan has a locational advantage which permits the shipment of a fresh instead of a frozen product. Both countries have seen their market shares grow tremendously. In 1988, Taiwan's share of the Japanese import market was 38 percent, compared with 6 percent in the mid-1970's, and Denmark's share was 37 percent, up from 19 percent.

Canada and the United States produce pork for the dominant North American market, and have not tailored their products to meet the demands of the Japanese. As a result, the United States and Canada have had their market shares fall from between 35 and 20 percent, respectively, in 1975 to 7 percent in 1987. The United States is now airfreighting approximately 20 percent of its exports to Japan. This has helped in

competing with the Taiwanese fresh product and the U.S. market share increased to 12 percent in 1988.

Canada

Canada is the seventh largest pork producer. Between 1975 and 1983, production increased at an average annual rate of 8 percent. However, within the past 5 years the rate has been slightly more than 2 percent. With the exception of 2 years of slight declines in the early 1980's, Canadian production has increased every year since 1975. Canadian estimates place 1988 production at 953,000 metric tons and 1989 production about 2 percent less.

Canada produces considerably more pork than it consumes. Consequently, exports are approximately 22 percent of production. Almost 90 percent is shipped to the United States, and 9 percent to Japan. Canada was the third largest exporter in 1988 with 260,000 metric tons. However, Canadian estimates for the first half of 1989 were 7 percent below year-ago.

Between 1975 and 1985, the number of Canadian hogs imported by the United States grew dramatically, from 29,761 to 1,226,151 head until a countervailing duty was imposed in April 1985. In 1988 the United States imported 835,000 Canadian hogs.

Canadian pork imports equal about 2 percent of total consumption or 10,000 metric tons in 1988. The United States supplies 40 percent and almost all of the rest comes from Denmark.

Taiwan

Taiwanese pork production has almost tripled since 1975, from 322,000 metric tons to 940,000 in 1988. Between 1975 and 1983, production increased at an average annual rate of 8.4 percent, then jumped 15 percent for the next 5 years. The value of pork production now exceeds that for rice.

Taiwan increased its share of the Japanese market from 6 to over 33 percent between the mid-1970's and 1988. Sales began to grow rapidly following the cutoff of Danish pork because of an outbreak of FMD. Taiwan exports solely to Japan. According to Japanese statistics, imports of Taiwanese pork totaled 175,000 metric tons in 1988, compared with 7,500 in 1975.

Taiwan has a locational advantage which permits them to market a fresh product in Japan. In addition, there are

strong cultural ties between the countries, which means the Taiwanese can produce a similar cut of pork for the domestic and Japanese markets. Taiwanese exports in 1989 are forecast to decline to 170,000 metric tons.

Prospects

Growth in per capita consumption worldwide has, with the exception of 1985, averaged about 2 percent per year since 1983 and should continue, although several factors could alter this trend. In Japan and South Korea, two countries with potential to increase consumption, increased imports of beef could limit the growth in pork demand. China, with its low level of per capita consumption, could dramatically increase the quantity of pork consumed with even a modest boost in per capita consumption. However, domestic political and economic problems could hamper any increase in pork supply over the next few years. In addition, China has indicated that it would like to encourage production of meat animals which consume less grain, such as poultry, which would limit the pork expansion in times of low grain production.

Eastern Europe, especially Poland, has the potential to increase available supplies of pork but producers have argued that the government must be prepared to relinquish some control over imported protein feeds and pork prices.

Import demand should increase in Japan but could remain steady in the United States. Taiwan and Denmark will continue their dominance of the Japanese market but in the absence of any strong appreciation of the dollar or drug residue problems, the United States should be able to hold some of the market share it recovered in the past year.

As a result of large domestic pork supplies, imports by the United States will remain fairly steady, with Canada increasing its relative share of the market. The mix between hogs and pork from Canada will depend upon changes in relative wage rates in the packing industry and U.S. countervailing duties on imports from Canada.

Environmental constraints could hamper the ability of Denmark and Taiwan to expand production to fill export demand. Both countries are faced with a severe waste disposal problem and have instituted pollution control measures which have affected some producers. A number of producers in Denmark have been forced to leave the industry and some in Taiwan may face the same situation.

Table 41--Average retail price per pound of specified meat cuts

Year and item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Dollars												
Choice Beef:												
Ground chuck												
1987	1.69	1.65	1.68	1.70	1.70	1.71	1.71	1.72	1.72	1.71	1.74	1.75
1988	1.74	1.74	1.75	1.74	1.74	1.77	1.75	1.74	1.77	1.78	1.81	1.79
1989	1.81	1.80	1.85	1.82	1.82							
Ground beef												
1987	1.30	1.27	1.28	1.29	1.32	1.30	1.31	1.32	1.32	1.33	1.35	1.32
1988	1.31	1.32	1.34	1.34	1.36	1.39	1.37	1.37	1.37	1.39	1.41	1.40
1989	1.40	1.37	1.43	1.42	1.44							
Chuck roast, bone in												
1987	1.68	1.64	1.63	1.70	1.65	1.71	1.70	1.66	1.67	1.72	1.71	1.66
1988	1.64	1.74	1.69	1.72	1.80	1.78	1.70	1.67	1.74	1.74	1.74	1.80
1989	1.81	1.91	1.87	1.89	1.90							
Round roast, boneless												
1987	2.54	2.47	2.49	2.45	2.59	2.56	2.50	2.51	2.57	2.58	2.58	2.56
1988	2.56	2.61	2.67	2.60	2.61	2.66	2.63	2.64	2.64	2.60	2.68	2.68
1989	2.75	2.75	2.76	2.77	2.78							
Rib roast, bone in												
1987	3.44	3.44	3.37	3.29	3.48	3.64	3.69	3.67	3.60	3.63	3.64	3.57
1988	3.57	3.59	3.66	3.75	3.72	3.93	4.02	4.04	4.12	4.12	4.10	4.03
1989	4.11	4.04	4.06	4.16	4.24							
Round steak, boneless												
1987	2.80	2.80	2.76	2.81	2.94	2.96	2.91	2.93	2.92	2.96	2.92	2.93
1988	2.88	2.94	2.94	3.01	3.00	3.05	2.99	2.99	3.04	2.98	3.00	3.01
1989	3.07	3.09	3.12	3.14	3.10							
Sirloin steak, bone in												
1987	2.81	2.96	2.87	3.02	3.22	3.44	3.36	3.23	3.26	3.12	3.15	3.16
1988	2.99	3.04	3.12	3.18	3.35	3.49	3.54	3.39	3.45	3.30	3.36	3.23
1989	3.39	3.40	3.61	3.57	3.70							
Chuck steak, bone in 1/												
1987	1.71	1.65	1.64	1.69	1.59	1.62	1.62	1.61	1.61	1.61	1.62	1.62
1988	1.61	1.62	1.64	1.65	1.67	1.71	1.70	1.69	1.70	1.70	1.72	1.71
1989	1.74	1.74	1.78	1.78	1.79							
T-Bone steak, bone in												
1987	3.86	3.79	3.83	4.01	4.33	4.64	4.77	4.45	4.37	4.31	4.29	4.27
1988	4.31	4.27	4.33	4.43	4.54	4.90	5.18	5.20	4.86	4.84	4.83	4.97
1989	4.95	4.91	5.05	5.04	5.14							
Porterhouse steak, 1/bone in												
1987	4.22	4.19	4.22	4.26	4.36	4.44	4.44	4.42	4.39	4.40	4.44	4.43
1988	4.40	4.43	4.48	4.51	4.56	4.66	4.63	4.60	4.64	4.64	4.68	4.68
1989	4.74	4.76	4.86	4.86	4.89							
Pork:												
Bacon, sliced												
1987	2.12	2.09	2.10	2.08	2.11	2.13	2.23	2.28	2.28	2.19	2.07	2.02
1988	1.95	1.94	1.92	1.91	1.90	1.90	1.91	1.88	1.84	1.86	1.80	1.79
1989	1.80	1.80	1.79	1.75	1.68							
Chops, center cut												
1987	2.72	2.70	2.64	2.74	2.78	2.97	3.01	3.00	2.98	2.92	2.74	2.67
1988	2.66	2.72	2.68	2.71	2.78	2.93	2.90	2.87	2.90	2.77	2.67	2.65
1989	2.78	2.75	2.80	2.80	2.76							
Ham, rump or shank half 1/												
1987	1.60	1.59	1.50	1.36	1.44	1.50	1.52	1.56	1.58	1.62	1.65	1.60
1988	1.63	1.57	1.60	1.58	1.58	1.62	1.62	1.62	1.61	1.59	1.56	1.55
1989	1.58	1.57	1.57	1.58	1.56							
Sirloin roast, bone in 1/												
1987	1.90	1.82	1.81	1.89	1.92	1.95	2.02	2.04	2.05	2.01	1.95	1.91
1988	1.92	1.90	1.90	1.88	1.89	1.94	1.93	1.93	1.92	1.89	1.86	1.85
1989	1.88	1.88	1.88	1.88	1.86							
Shoulder picnic, bone in												
1987	1.15	1.10	1.06	1.03	1.08	1.03	1.11	1.14	1.16	1.19	1.16	1.16
1988	1.14	1.13	1.14	1.12	1.09	1.15	1.13	1.11	1.11	1.10	1.12	1.10
1989	1.12	1.06	1.06	1.08	1.07							
Sausage, fresh, pork, loose												
1987	2.01	2.02	1.99	1.97	1.98	1.94	2.00	2.02	2.01	1.92	1.97	1.99
1988	2.05	1.97	1.99	2.02	2.02	1.95	1.99	1.94	1.95	1.90	1.89	1.92
1989	1.92	1.94	1.92	1.93	1.94							
Miscellaneous cuts:												
Ham, canned, 3 or 5 lb												
1987	2.84	2.85	2.83	2.77	2.74	2.76	2.83	2.84	2.83	2.85	2.78	2.72
1988	2.77	2.75	2.71	2.73	2.74	2.73	2.77	2.73	2.74	2.74	2.69	2.60
1989	2.75	2.71	2.63	2.70	2.64							
Frankfurters, all meat												
1987	1.98	1.99	1.96	1.98	1.96	2.00	1.91	2.01	1.98	2.04	2.04	2.02
1988	2.02	2.04	2.05	2.01	2.02	2.02	2.01	2.02	2.00	2.02	2.03	2.04
1989	2.08	2.07	2.07	2.03	2.05							
Bologna												
1987	2.22	2.17	2.19	2.15	2.14	2.15	2.21	2.21	2.21	2.20	2.21	2.24
1988	2.24	2.23	2.23	2.20	2.18	2.24	2.26	2.29	2.25	2.27	2.28	2.24
1989	2.22	2.24	2.23	2.24	2.23							

1/ While these specific cut prices are no longer available from the Bureau of Labor Statistics (BLS), ERS uses the BLS index and historical data to estimate these prices monthly.

Source: Bureau of Labor Statistics.

Table 42--Red meat supply and utilization, carcass and retail weight 1/

Year	Production		Beginning stocks	Im-ports	Total supply	Ex-ports	Ship-ments	Ending stocks	Total disappearance	Per capita								
	Commer- cial	Farm								Carcass weight	Retail weight							
-----Million pounds-----																		
-----Pounds-----																		
Beef:																		
1987																		
I	5,754	56	412	543	6,764	127	14	411	6,213	25.6	18.1							
II	5,737	25	411	627	6,800	136	13	337	6,315	25.9	18.4							
III	6,064	24	337	681	7,106	159	14	381	6,552	26.8	19.0							
IV	5,850	56	381	418	6,705	183	12	386	6,125	25.0	17.8							
Year	23,405	161	412	2,269	26,247	604	52	386	25,205	103.3	73.4							
1988																		
I	5,700	58	386	703	6,847	134	16	419	6,278	25.6	18.2							
II	5,784	25	419	668	6,896	155	15	332	6,394	26.0	18.5							
III	6,185	24	332	585	7,126	188	15	409	6,514	26.4	18.7							
IV	5,755	58	409	423	6,645	203	15	422	6,005	24.3	17.2							
Year	23,424	165	386	2,379	26,354	680	61	422	25,191	102.3	72.6							
1989 2/																		
I	5,529	58	422	566	6,575	212	15	397	5,951	24.0	17.0							
Year	22,779	165	422	2,200	25,566	800	60	325	24,381	98.1	69.6							
Pork:																		
1987																		
I	3,540	22	248	290	4,100	19	31	289	3,762	15.5	14.6							
II	3,327	9	289	296	3,921	27	28	245	3,620	14.9	14.1							
III	3,384	9	245	299	3,938	21	33	244	3,639	14.9	14.1							
IV	4,061	22	244	310	4,637	42	32	347	4,216	17.2	16.3							
Year	14,312	62	248	1,195	15,817	109	124	347	15,237	62.5	59.1							
1988																		
I	3,790	22	347	310	4,469	25	30	419	3,995	16.3	15.4							
II	3,727	9	419	287	4,442	60	35	439	3,908	15.9	15.0							
III	3,775	8	439	274	4,496	51	35	352	4,058	16.5	15.5							
IV	4,331	22	352	266	4,971	59	35	413	4,464	18.0	17.1							
Year	15,623	61	347	1,137	17,168	195	135	413	16,425	66.7	63.0							
1989 2/																		
I	3,887	22	413	251	4,573	55	35	470	4,013	16.2	15.3							
Year	15,912	61	413	1,000	17,386	185	140	400	16,661	67.0	63.5							
Veal:																		
1987																		
I	112	5	7	6	130	2	0	6	122	0.5	0.4							
II	101	1	6	4	112	2	0	4	106	0.4	0.4							
III	99	2	4	6	111	1	0	4	107	0.4	0.4							
IV	104	5	4	8	121	2	0	4	115	0.5	0.4							
Year	416	13	7	24	460	7	1	4	449	1.8	1.5							
1988																		
I	97	4	4	9	114	2	0	5	107	0.4	0.4							
II	92	1	5	4	102	2	0	4	96	0.4	0.3							
III	99	1	4	6	110	3	0	3	104	0.4	0.3							
IV	99	3	3	8	113	3	1	5	104	0.4	0.3							
Year	387	9	4	27	427	10	1	5	411	1.7	1.4							
1989 2/																		
I	91	4	5	0 3/	100	0	0	7	93	0.4	0.3							
Year	360	9	5	0	374	0	1	4	369	1.5	1.2							
Lamb and Mutton:																		
1987																		
I	76	2	13	13	104	0	1	14	89	0.4	0.3							
II	75	1	14	12	101	0	1	12	88	0.4	0.3							
III	77	1	12	9	99	0	1	7	91	0.4	0.3							
IV	81	2	7	11	101	1	0	8	92	0.4	0.3							
Year	309	6	13	44	372	1	2	8	360	1.5	1.3							
1988																		
I	85	2	8	19	114	0	0	7	107	0.4	0.4							
II	80	1	7	15	103	0	1	9	93	0.4	0.3							
III	80	1	9	8	98	0	0	7	91	0.4	0.3							
IV	84	2	7	9	102	1	0	6	95	0.4	0.3							
Year	329	6	8	51	394	1	1	6	386	1.6	1.4							
1989 2/																		
I	87	2	6	16	111	1	0	7	103	0.4	0.4							
Year	330	6	6	55	397	1	0	7	389	1.6	1.4							
Total red meat:																		
1987																		
I	9,482	85	680	851	11,098	148	.45	719	10,186	41.9	33.5							
II	9,240	36	719	939	10,934	165	42	599	10,128	41.6	33.2							
III	9,624	36	599	995	11,254	182	48	635	10,389	42.5	33.8							
IV	10,096	85	635	748	11,564	227	45	745	10,548	43.1	34.8							
Year	38,442	242	680	3,533	42,897	722	179	745	41,251	169.1	135.3							
1988																		
I	9,672	86	745	1,041	11,543	161	46	850	10,486	42.7	34.3							
II	9,683	36	850	974	11,543	217	51	784	10,491	42.6	34.1							
III	10,139	34	784	873	11,830	242	50	771	10,767	43.6	35.0							
IV	10,269	85	771	706	11,831	266	51	846	10,668	43.1	35.0							
Year	39,763	241	745	3,594	44,343	886	198	846	42,413	172.2	138.4							
1989 2/																		
I	9,594	86	846	833	11,359	268	50	881	10,160	41.0	33.1							
Year	39,383	241	846	3,253	43,723	986	201	736	41,800	168.2	135.8							

1/ May not add due to rounding. 2/ Forecast. 3/ Beginning in 1989 veal trade no longer reported separately.

Table 43--Poultry supply and utilization

Year	Slaughter			Beginning stocks	Total supply	Exports	Shipments	Ending stocks	Total disappearance	Per capita Retail weight
	Federally Inspected	Other	Total							
Million pounds										
Young chicken:										Pounds
1987										
I	3,735	27	3,762	24	3,786	142	39	25	3,579	14.7
II	3,907	26	3,933	25	3,958	198	32	24	3,704	15.2
III	3,966	17	3,984	24	4,008	223	40	28	3,717	15.2
IV	3,895	21	3,916	28	3,944	188	40	25	3,691	15.1
Year	15,502	92	15,594	24	15,618	752	151	25	14,691	60.2
1988										
I	3,996	18	4,015	25	4,040	163	38	36	3,803	15.5
II	4,079	19	4,098	36	4,134	190	38	41	3,864	15.7
III	4,035	5	4,039	40	4,085	198	37	32	3,813	15.5
IV	4,015	13	4,028	32	4,060	214	38	36	3,772	15.3
Year	16,124	56	16,180	25	16,205	765	151	36	15,253	62.0
1989										
I	4,129	13	4,142	36	4,178	213	35	32	3,898	15.7
Year 2/	17,149	58	17,207	36	17,243	825	140	30	16,248	65.3
Other chicken:										
1987										
I	133	24	157	163	320	5	1	172	143	0.6
II	155	28	183	172	355	6	1	182	167	0.7
III	129	23	152	182	333	3	0	166	165	0.7
IV	135	24	158	166	324	2	1	188	133	0.5
Year	552	98	650	163	814	15	2	188	608	2.5
1988										
I	153	28	181	188	369	6	1	197	165	0.7
II	150	27	177	197	374	4	1	161	208	0.8
III	112	20	132	161	293	7	1	147	138	0.6
IV	125	23	148	147	295	9	1	157	129	0.5
Year	540	97	638	188	826	26	3	157	641	2.6
1989										
I	137	25	161	157	318	6	1	146	165	0.7
Year 2/	532	96	628	157	784	20	4	150	610	2.5
Total chicken:										
1987										
I	3,868	51	3,919	187	4,106	147	40	197	3,722	15.3
II	4,062	54	4,116	197	4,313	204	32	206	3,871	15.9
III	4,095	41	4,135	206	4,341	226	40	194	3,881	15.9
IV	4,030	44	4,074	194	4,268	191	41	213	3,824	15.6
Year	16,054	190	16,245	187	16,432	767	153	213	15,298	62.8
1988										
I	4,149	46	4,196	213	4,409	169	39	233	3,968	16.5
II	4,229	46	4,275	232	4,508	194	39	202	4,072	16.6
III	4,147	25	4,171	202	4,378	205	38	179	3,951	16.1
IV	4,140	36	4,176	179	4,355	223	39	193	3,901	15.8
Year	16,665	153	16,818	213	17,031	791	153	193	15,894	64.6
1989										
I	4,266	38	4,303	193	4,496	219	36	178	4,063	16.4
Year 2/	17,681	154	17,835	193	18,027	845	144	180	16,858	67.8
Turkey:										
1987										
I	670	19	689	178	867	6	0	226	635	2.6
II	865	26	891	226	1,117	7	0	382	728	3.0
III	1,100	32	1,132	382	1,514	7	0	641	866	3.5
IV	1,082	34	1,116	641	1,756	13	3	282	1,458	6.0
Year	3,717	111	3,828	178	4,006	33	4	282	3,686	15.1
1988										
I	837	10	846	282	1,128	13	1	339	776	3.2
II	981	4	985	339	1,324	11	0	457	855	3.5
III	1,066	19	1,084	457	1,541	15	0	573	952	3.9
IV	1,040	12	1,053	573	1,626	11	1	250	1,364	5.5
Year	3,923	45	3,968	282	4,250	51	2	250	3,948	16.0
1989										
I	804	7	811	250	1,061	8	1	269	783	3.2
Year 2/	4,074	45	4,119	250	4,368	36	4	280	4,048	16.3
Total poultry:										
1987										
I	4,538	70	4,608	365	4,973	153	40	423	4,357	17.9
II	4,927	80	5,007	423	5,430	211	32	588	4,599	18.9
III	5,195	73	5,268	588	5,855	232	41	835	4,747	19.5
IV	5,112	78	5,190	835	6,025	204	44	495	5,282	21.6
Year	19,772	301	20,072	365	20,437	800	157	495	18,985	77.8
1988										
I	4,986	56	5,042	495	5,557	182	39	571	4,744	19.3
II	5,210	60	5,260	571	5,831	206	39	659	4,928	20.0
III	5,213	44	5,255	659	5,914	220	38	752	4,903	19.9
IV	5,180	48	5,229	752	5,981	235	39	442	5,266	21.3
Year	20,587	198	20,786	495	21,281	843	156	442	19,841	80.6
1989										
I	5,070	45	5,114	442	5,556	227	37	447	4,845	19.5
Year 2/	21,755	198	21,953	442	22,396	881	148	460	20,907	84.1

1/ May not add due to rounding. 2/ Forecast.

Table 44--Total red meat and poultry supply and utilization, carcass and retail weight 1/

Year	Total production	Begin-ning stocks	Im-ports	Total supply	Ex-ports	Ship-ments	Ending stocks	Total disappearance	Per capita									
									Carcass weight	Retail weight								
-----Million pounds-----																		
Total red meat and poultry:																		
1987																		
I	14,175	1,045	851	16,071	301	85	1,142	14,543	59.8	51.4								
II	14,283	1,142	939	16,364	376	74	1,187	14,727	60.5	52.1								
III	14,928	1,187	995	17,109	414	89	1,470	15,136	62.0	53.3								
IV	15,371	1,470	748	17,589	431	89	1,240	15,830	64.7	56.4								
Year	58,756	1,045	3,533	63,334	1,522	336	1,240	60,236	246.9	213.1								
1988																		
I	14,799	1,240	1,041	17,080	343	85	1,421	15,230	62.0	53.6								
II	14,978	1,421	974	17,374	423	90	1,443	15,418	62.7	54.2								
III	15,428	1,443	873	17,744	462	88	1,523	15,670	63.5	54.8								
IV	15,580	1,523	706	17,812	501	90	1,288	15,933	64.4	56.3								
Year	60,790	1,240	3,594	65,624	1,729	354	1,288	62,254	252.7	218.9								
1989 2/																		
I	14,794	1,288	833	16,915	495	87	1,328	15,005	60.5	52.6								
Year	61,577	1,288	3,253	66,119	1,867	349	1,096	62,707	252.2	219.8								

1/ May not add due to rounding. 2/ Forecast.

Table 45--Egg supply and utilization (population includes military) 1/

Year	Pro-duction	Beginning stocks	Breaking egg use	Imports 2/	Total supply	Exports	Ship-ments	Hatching egg use 3/	Consumption									
									Total	Per capita								
Total eggs																		
Million dozen																		
1987																		
I	1,441.2	10.4	---	2.6	1,454.1	23.6	7.3	147.6	11.9	1,263.8	62.4							
II	1,439.3	11.9	---	1.2	1,452.5	23.7	4.8	154.9	13.8	1,255.3	61.9							
III	1,439.5	13.8	---	1.0	1,454.3	21.5	6.1	149.2	13.5	1,264.0	62.1							
IV	1,482.3	13.5	---	0.8	1,496.6	42.4	6.9	147.4	14.4	1,285.4	63.0							
Year	5,802.3	10.4	---	5.6	5,818.3	111.2	25.1	599.1	14.4	5,068.4	249.4							
1988																		
I	1,476.3	14.4	---	0.9	1,491.5	33.7	6.0	150.2	11.7	1,290.0	63.1							
II	1,428.3	11.7	---	0.7	1,440.7	34.1	6.4	153.5	20.1	1,226.5	59.9							
III	1,420.6	20.1	---	2.1	1,442.9	33.4	6.4	150.5	17.6	1,235.0	60.1							
IV	1,445.9	17.5	---	1.6	1,465.1	40.6	6.5	150.0	15.2	1,252.8	60.9							
Year	5,771.1	14.4	---	5.3	5,790.8	141.8	25.2	604.3	15.2	5,004.2	244.0							
1989																		
I	1,389.3	15.2	---	1.9	1,406.3	23.7	6.5	155.1	11.7	1,209.3	58.6							
Shell eggs																		
1987																		
I	1,441.2	0.7	225.3	1.9	1,218.5	7.1	7.3	147.6	1.0	1,055.6	52.1							
II	1,439.3	1.0	237.0	0.1	1,203.5	8.9	4.8	154.9	1.0	1,033.8	51.0							
III	1,439.5	1.0	242.8	0.1	1,197.8	8.3	6.1	149.2	1.0	1,033.2	50.8							
IV	1,482.3	1.0	235.0	0.1	1,248.4	24.3	6.9	147.4	1.3	1,068.4	52.3							
Year	5,802.3	0.7	940.1	2.3	4,865.1	48.6	25.1	599.1	1.3	4,191.1	206.2							
1988																		
I	1,476.3	1.3	231.8	0.1	1,245.8	16.0	5.8	150.2	1.0	1,072.7	52.5							
II	1,428.3	2.0	260.2	0.1	1,169.3	12.0	6.0	153.5	0.9	996.9	48.7							
III	1,420.6	0.9	249.6	1.1	1,172.9	15.7	6.2	150.5	0.7	999.9	48.7							
IV	1,445.9	0.7	234.7	1.0	1,212.9	23.2	6.4	150.0	0.3	1,033.0	50.2							
Year	5,771.1	1.3	976.4	2.3	4,800.9	67.0	24.3	604.3	0.3	4,105.0	200.1							
1989																		
I	1,389.3	0.3	219.6	1.4	1,171.3	9.1	6.2	155.1	.48	1000.4	48.5							

1/ Totals may not add due to rounding. 2/ Shell eggs and approximate shell-egg equivalent of egg products.

3/ Hatching for 1986-present calculated by the new method. 4/ Preliminary.-- Not applicable for total egg supply and utilization.

Table 46--Selected price statistics for meat animals and meat, 1988-89

Item	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
	Dollars per cwt											
Slaughter Steers:												
Omaha												
Choice, 1000-1100 lb	65.96	67.08	67.71	69.13	70.07	71.21	72.35	72.92	75.75	75.31	74.52	71.71
Select, 1000-1100 lb	63.58	64.88	64.76	65.88	67.30	68.71	70.04	70.94	73.48	73.38	72.52	69.71
California												
Choice, 1000-1100 lb	67.38	70.75	70.06	71.31	71.95	70.94	72.63	74.56	76.63	74.56	73.25	70.69
Colorado												
Choice, 1100-1300 lb	66.72	69.75	69.56	72.24	73.17	73.10	73.75	74.82	78.51	77.77	75.39	71.86
Texas												
Choice, 1000-1100 lb	66.88	70.08	69.96	72.62	73.52	73.64	74.40	75.40	78.87	77.51	75.30	71.71
Slaughter heifers:												
Omaha												
Choice, 1000-1200 lb	65.41	67.24	68.10	69.12	70.31	71.23	72.48	73.19	76.80	76.57	75.03	71.63
Select, 900-1000 lb	61.54	63.15	63.18	64.15	65.88	66.81	68.46	69.54	72.85	72.85	71.98	68.88
Cows:												
Omaha												
Commercial	44.69	46.40	46.54	46.46	41.28	44.25	44.61	47.04	45.56	44.75	44.63	47.42
Breaking Utility	45.39	47.33	48.42	47.71	42.10	45.14	44.88	46.92	45.89	45.19	45.57	48.56
Boning Utility	46.60	48.57	49.50	49.21	45.72	45.92	47.11	51.29	48.83	47.58	47.00	49.83
Canner	40.24	40.00	41.08	41.42	38.48	39.83	40.86	45.04	42.10	40.42	39.71	43.33
Cutter	43.95	43.73	45.33	45.75	43.20	44.73	45.63	49.71	46.57	44.67	43.90	47.25
Vealers: 7/												
Choice, So. St. Paul	77.50	87.50	240.42	213.75	230.88	225.63	230.25	225.06	257.50	266.25	260.05	258.44
Feeder steers: 1/												
Kansas City												
Medium No. 1,												
400-500 lb	85.75	ng	95.88	95.63	92.60	93.38	96.88	99.33	104.60	98.50	96.88	97.50
600-700 lb	79.08	84.65	84.00	85.81	83.90	86.13	86.00	85.56	84.45	82.63	83.50	85.38
All weights and grades	74.14	79.45	79.89	82.99	81.31	80.99	82.02	82.91	80.98	78.58	78.25	79.08
Oklahoma City												
Medium No. 1												
400-500 lb	95.89	99.74	97.75	100.55	102.05	101.64	104.30	106.35	107.50	101.94	96.12	105.35
600-700	80.69	86.21	83.97	85.32	86.41	88.10	87.87	87.86	85.98	84.11	81.38	87.10
700-800	77.77	81.79	81.30	82.45	83.31	85.46	84.45	84.50	80.63	76.25	77.30	82.47
Amarillo												
Medium No. 1,												
600-700 lb	77.67	82.00	82.38	82.19	81.70	82.83	86.38	85.50	82.70	79.50	80.90	83.17
Georgia Auctions												
Medium No. 1,												
600-700 lb	75.67	78.20	77.75	77.38	78.60	78.50	81.25	83.00	82.60	77.50	79.00	80.50
Medium No. 2,												
400-500 lb	81.67	82.20	81.25	81.50	81.60	81.67	86.25	88.25	89.20	84.63	83.40	86.13
Feeder heifers:												
Medium No. 1,												
Kansas City												
400-500 lb	77.75	ng	85.81	86.69	83.30	82.88	86.69	87.75	89.25	85.83	84.70	86.50
600-700 lb	72.63	78.70	78.50	80.75	79.70	79.00	79.38	80.50	77.81	75.00	75.50	78.38
Oklahoma City												
400-500 lb.	81.77	85.59	84.29	86.02	87.49	92.02	90.10	92.08	90.58	88.03	84.36	87.83
600-700 lb.	74.68	77.96	77.04	78.36	78.99	80.22	80.92	81.31	79.35	75.53	73.87	79.31
Slaughter hogs:												
Barrows and gilts												
Omaha No. 1 & 2,												
230-240 lb	46.92	47.17	41.80	40.04	37.84	43.01	43.03	42.12	40.49	38.38	44.36	47.72
All weights	45.31	45.71	40.78	38.84	36.25	40.58	41.76	40.96	40.96	37.08	42.23	45.66
Sioux City												
7 markets 2/	45.60	45.98	41.28	38.92	36.52	40.88	41.64	41.11	39.88	37.22	42.40	46.24
Sows:												
7 markets 2/	45.57	46.10	41.04	38.95	36.45	40.58	41.58	40.91	39.85	37.06	42.37	46.10
Feeder pigs:												
No. 1 & 2, So. Mo., 40-50 lb (per hd.)	25.57	27.40	28.30	30.95	27.99	29.17	35.25	34.18	39.55	34.74	34.24	28.85
Slaughter lambs:												
Choice, San Angelo	59.00	56.19	59.50	63.94	65.56	68.83	68.13	68.83	70.90	78.17	73.56	72.63
Choice, So. St. Paul	58.55	54.05	57.28	62.25	63.39	67.65	62.90	65.48	69.56	69.67	73.21	70.45
Ewes, Good, San Angelo	37.83	38.20	37.38	36.88	38.75	42.08	48.13	53.28	47.55	42.45	38.95	37.10
So. St. Paul	12.94	13.00	13.13	13.75	14.32	18.60	21.63	24.88	21.92	18.93	13.56	17.30
Feeder lambs:												
Choice, San Angelo	79.67	79.05	78.56	80.38	82.00	84.83	84.38	97.17	95.30	88.06	78.18	75.94
Choice, So. St. Paul	62.14	59.00	64.65	70.30	75.35	83.75	85.00	85.00	85.68	85.00	79.80	69.62
Farm prices:												
Beef cattle	63.20	65.90	67.20	67.00	66.70	67.20	70.60	71.50	72.00	70.00	68.80	67.60
Calves	87.70	91.00	89.50	87.80	87.80	88.60	92.80	95.90	94.00	90.50	91.20	92.70
Hogs	44.10	44.70	40.70	38.70	36.20	39.70	40.90	40.40	39.30	36.90	41.60	44.20
Sheep	25.00	25.30	25.00	25.30	27.80	29.10	34.20	34.50	30.30	25.40	21.60	22.50
Lambs	60.00	59.80	64.20	66.20	66.30	68.60	67.40	68.40	72.50	75.20	73.10	69.80

Continued--

Table 46--Selected price statistics for meat animals and meat, 1988/89--Continued

Item	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Dollars per cwt												
Meat prices:												
Wholesale												
Central U.S. markets												
Steer beef, Choice 600-700 lb	97.09	101.04	103.15	104.36	104.73	106.20	107.30	107.98	112.43	113.84	112.62	106.35
Heifer beef, Choice 550-700 lb	96.28	100.37	102.82	104.62	104.49	106.22	107.39	107.90	112.36	113.63	112.49	106.35
Cow beef, Canner and Cutter	85.74	86.51	87.73	85.58	85.32	90.03	91.23	96.93	92.17	89.77	89.74	93.83
Boxed beef cut-out value	107.09	110.37	112.72	112.74	112.37	112.45	113.62	114.30	117.09	118.58	118.53	114.53
Pork loins 14-18 lb 4/	104.96	106.88	97.92	85.33	77.87	93.61	89.35	90.97	91.77	91.59	99.95	107.78
Pork bellies 12-14 lb	40.84	37.46	33.05	34.96	33.64	34.82	36.91	31.41	30.19	25.49	29.11	32.90
Hams, skinned 14-17 lb	65.90	67.16	73.20	78.33	78.08	65.50	65.80	67.11	63.00	61.60	63.30	64.00
Pork cut-out value	60.59	61.21	58.34	56.10	52.88	56.97	56.11	56.18	54.87	52.96	58.42	62.56
East Coast:												
Lamb, Choice and Prime 35-45 lb.	128.75	127.00	130.50	135.00	133.65	147.50	143.69	146.44	155.25	159.38	149.30	139.31
55-65 lb.	128.75	127.00	130.50	134.12	127.70	137.50	133.75	135.88	142.60	147.06	142.35	139.31
West Coast:												
Steer beef, Choice 700-800 lb	99.00	nq	nq	nq	106.13	106.58	110.97	112.19	117.30	118.94	116.97	111.19
Cents per lb												
Retail												
Beef												
Choice	259.3	257.8	259.7	257.8	260.4	260.0	264.3	265.2	269.5	269.8	271.9	
All Fresh	226.1	224.3	225.4	230.6	232.9	233.0	234.1	233.9	238.5	237.3	238.3	
Pork	187.4	185.5	184.9	181.6	178.0	177.4	181.1	179.3	179.7	179.5	177.1	
1982-84=100												
Price indexes: (BLS)												
Retail meats	113.4	113.2	113.4	113.0	113.0	112.7	114.0	114.3	115.5	115.6	115.6	
Beef and veal	113.4	112.7	113.6	113.7	114.7	114.6	116.0	116.6	119.0	119.0	119.6	
Pork	114.3	114.1	113.7	111.8	110.0	109.6	111.5	110.9	111.0	111.2	110.1	
Other meats	113.2	113.9	113.3	113.5	113.8	113.1	113.3	114.0	114.0	114.3	114.4	
Poultry	129.0	131.7	133.4	129.4	127.2	127.1	128.8	128.4	130.3	133.0	137.3	
Livestock-feed ratios												
Omaha: 3/												
Steer-corn	24.5	26.2	26.4	26.4	28.4	27.9	28.2	28.7	29.4	30.2	29.4	28.9
Hog-corn	16.8	17.8	15.9	14.9	14.7	16.2	16.4	16.3	15.4	14.8	16.8	18.5

1/ Reflects new feeder cattle grades. 2/ St. Louis N.S.Y., Kansas City, Omaha, Sioux City, So. St. Joseph, So. St. Paul, and Indianapolis. 3/ Beef, Choice 2-3 550-700 lb. 4/ Prior to 1984, 8-14 lb; 1984 and 1985, 14-17 lb; 1986, 14-18 lb. 5/ U.S. #2, 175 lb. carcass. 6/ Bushels of No. 2 yellow corn equivalent in value to 100 pounds live weight. 7/ Beginning Sept. 10, prices reported per head.

Table 47--Selected marketings, slaughter, stocks, and trade for meat animals and meat, 1988-89

Item	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1,000 head												
Federally inspected:												
Slaughter												
Cattle	2,983	2,898	3,120	2,927	2,871	2,698	2,685	2,711	2,500	2,744	2,576	2,947
Steers	1,506	1,452	1,525	1,397	1,324	1,270	1,311	1,290	1,228	1,361	1,302	1,482
Heifers	888	901	1,011	966	934	797	790	827	786	817	743	884
Cows	533	498	527	507	555	579	537	544	445	518	480	526
Bulls and stags	56	48	57	57	57	52	47	50	41	49	51	55
Calves	204	207	227	207	197	202	203	196	175	194	152	157
Sheep and lambs	413	387	442	452	437	418	447	418	415	505	393	435
Hogs	6,715	6,199	7,101	7,534	7,887	7,909	7,703	7,116	6,619	7,569	7,199	7,277
Percentage sows	5.5	5.8	5.8	5.0	4.4	4.4	4.3	4.7	4.1	4.2	4.0	4.7
Pounds												
Average live wt per head												
Cattle	1,108	1,116	1,126	1,134	1,140	1,139	1,146	1,152	1,136	1,128	1,117	1,107
Calves	258	236	242	252	267	254	248	258	258	255	282	289
Sheep and lambs	125	121	120	121	123	124	126	126	127	126	128	125
Hogs	250	249	247	248	251	253	251	249	247	247	251	251
Average dressed wt												
Beef	665	670	679	683	683	677	681	686	684	675	669	665
Veal	158	146	147	154	161	154	150	156	157	155	167	179
Lamb and mutton	63	61	60	61	62	63	64	65	64	64	65	64
Pork	180	179	177	177	179	181	180	180	178	178	180	180
Million pounds												
Production												
Beef	1,976	1,934	2,111	1,993	1,954	1,818	1,822	1,852	1,705	1,844	1,717	1,954
Veal	32	29	33	31	31	30	30	30	27	30	26	28
Lamb and mutton	26	23	27	27	27	26	28	27	26	32	25	28
Pork	1,203	1,105	1,251	1,330	1,409	1,425	1,385	1,274	1,175	1,342	1,291	1,308
Commercial: 1/												
1,000 head												
Slaughter												
Cattle	3,068	2,983	3,207	3,010	2,966	2,800	2,774	2,789	2,568	2,822	2,644	3,024
Calves	212	215	234	215	206	210	211	203	181	200	158	163
Sheep and Lambs	428	405	462	469	452	432	460	428	425	519	409	447
Hogs	6,902	6,366	7,292	7,719	8,096	8,138	7,946	7,332	6,791	7,763	7,380	7,480
Million pounds												
Production												
Beef	2,025	1,982	2,162	2,041	2,007	1,876	1,872	1,896	1,744	1,889	1,757	1,998
Veal	34	31	35	33	34	33	32	32	28	31	27	29
Lamb and mutton	27	24	28	28	28	27	29	27	27	33	26	28
Pork	1,233	1,133	1,282	1,360	1,443	1,463	1,425	1,310	1,204	1,373	1,321	1,341
Cold storage stocks: 2/												
Beef	248	270	295	308	296	300	317	315	313	298	273	244
Veal	4	4	3	3	3	5	5	7	7	7	7	7
Lamb and mutton	9	9	7	7	6	6	7	6	7	6	7	7
Pork	363	337	287	288	321	361	358	381	397	394	438	432
Total meat	671	671	634	644	654	701	716	745	762	749	767	735
Trade:												
Imports (carcass wt)												
Beef and veal 4/	256.8	186.5	231.5	172.6	155.4	163.3	112.4	226.7	161.7	178.1	166.8	
Lamb, mutton, and goat	3.5	2.6	3.1	2.4	2.8	3.3	3.4	6.3	4.5	5.7	6.3	
Pork	99.0	94.3	94.2	85.0	90.0	85.0	91.3	89.8	75.6	85.8	82.1	
Exports (carcass wt)												
Beef and veal 4/	53.4	51.2	67.4	72.2	69.1	74.9	61.5	54.3	62.4	94.9	81.9	
Lamb and mutton	.1	.3	.1	.1	.2	.1	.3	.2	.3	.2	.2	
Pork	22.5	17.6	18.3	14.6	18.1	21.6	19.7	20.2	17.8	16.8	14.5	

1/ Federally inspected and other commercial. 2/ End of month. Beginning January 1977, excludes beef and pork stocks in cooler. 3/ Less than 50,000 lb. 4/ Beginning January 1989, veal trade is no longer reported separately.

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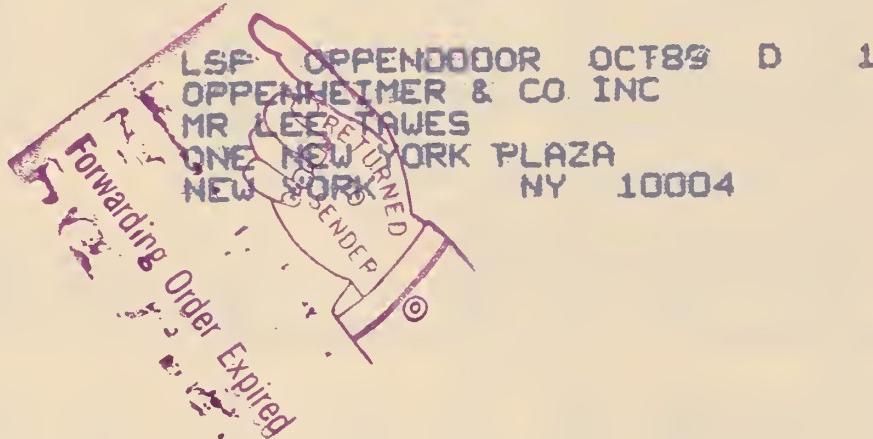
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